Appendix 4D:
Half-Year Report

Ricegrowers Limited (ASX – SGLLV)

ABN:	Financial Half-Year Ended:	Lodgement Date:
55 007 481 156	31 October 2021	16 December 2021

Lodged with the ASX under Listing Rule 4.2A. This information should be read in conjunction with the Annual Report for the year ended 30 April 2021 and any public announcements made by Ricegrowers Limited ("SunRice" or "Group") since the start of the current financial year, in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

About SunRice's structure

The structure of Ricegrowers Limited contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on the ASX and may only be held by Active Growers. A person must not hold more than 5 A Class Shares. In practical terms the voting rights held by A Class shareholders give those shareholders the right to control the election of directors and any changes to SunRice's Constitution.

B Class Shares are quoted on the ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10 per cent of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice's structure see investors.sunrice.com.au.

Reporting Period and Reported Information

The current reporting period is the half-year ended 31 October 2021 and the previous corresponding reporting period is the half-year ended 31 October 2020.

Results for Announcement to the Market

				$000
Revenue from ordinary activities	**Up**	**11.4%**	TO	564,780
Profit after tax	**Up**	**38.1%**	TO	16,726
Profit after tax attributable to B Class shareholders	**Up**	**18.1%**	TO	16,848

	Current period	Previous corresponding period
Net tangible assets backing per B Class Share	$6.70	$7.45
Basic and diluted earnings per B Class Share (cents)	27.5	23.9
Interim dividend		
Amount per security	10	n/a
Franked amount per security (100% franking rate applicable)	10	n/a
Date the dividend is payable		28 January 2022
Record date to determine entitlements to the dividend		22 December 2021

Ricegrowers Limited Dividend Reinvestment Plan (DRP) is in operation for the interim dividend

Commentary on Results for The Period

Details of the results of the Group for the period ended 31 October 2021 are included in the attached Interim Financial Report.

As in prior years, the results for 1H FY2022 are not expected to reflect the proportional full year results of the Group as they are influenced by seasonal factors.

Details of associates

Trukai Industries Limited, which is 66.23% owned by Ricegrowers Limited, has the following associate:

Name of associate

Pagini Transport (incorporated in Papua New Guinea) Principal activity: Transport

Reporting entity percentage holding

Pagini Transport 30.44% (31 October 2020: 30.44%)

Controlled Entities

There have been no changes in controlled entities in the six months period to 31 October 2021.

Other Information Required

Please refer to the attached Interim Financial Report and the 2021 Annual Report for other information required.

Interim Financial Report

For The Half Year Ended 31 October 2021

Ricegrowers Limited & Controlled Entities
ABN 55 007 481 156

Contents

This interim financial report covers the consolidated entity consisting of Ricegrowers Limited and its controlled entities. The interim financial report is presented in Australian dollars.

Ricegrowers Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ricegrowers Limited
57 Yanco Avenue
LEETON NSW 2705

Its shares are listed on the Australian Securities Exchange (code SGL/SGLLV).

Your Directors present their report on the consolidated entity consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the half year ended 31 October 2021.

1. Directors

The following persons were Directors of Ricegrowers Limited during the financial period and up to the date of this report:

LJ Arthur (Chairman)
RF Gordon (Chief Executive Officer)
JMJ Bradford
L Catanzaro
AJ Crane
ID Glasson
GL Kirkup
IR Mason
JJ Morton
LK Vial
JL Zanatta

2. Company Secretary

K Cooper

3. Review of operations

SunRice Group overview

Group Financial performance

The return of more favourable seasonal conditions in the Riverina combined with the continued execution of SunRice's 2024 Growth Strategy helped underpin a robust performance in the first half of Financial Year 2022 (1H FY2022), with marked revenue and profitability uplifts.

Revenue for 1H FY2022 was $564,780,000, up 11% on the previous corresponding period (1H FY2021), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $36,899,000, up 32% and Net Profit After Tax (NPAT) was $16,726,000, up 38%. With Group performance returning to these more sustainable levels, SunRice today declared an interim Dividend of 10 cents per B Class Share.

The key contributors in the rebound of the Group's financial performance in 1H FY2022 included:

- The recovery of the Australian Rice Pool Business, which is again able to absorb its share of overhead costs and deliver a naturally earned Paddy Price in FY2022, which in turn has improved the cost base of the Rice Food segment
- The accretive contribution of the recently acquired KJ&Co Brands business, which is driving a material uplift in revenue and profitability in the Riviana Foods segment and which, when combined with other existing brands, including Always Fresh, Fehlberg's and Roza's Gourmet, is now providing the SunRice Group with a significant source of consistent and reliable earnings, decoupled from domestic agricultural volatility
- The Group's international sourcing expertise and cost containment discipline which delivered improved profitability in the Group's Pacific markets.
- Market share gains in microwave products, supported by initiatives such as the re-launch of "Our Best Yet" microwave pouch range
- The Group's ability to manage unprecedented increases in freight costs and supply chain complexity

This strong improvement in performance validates the agility and strength of the company's business model. This is despite the ongoing impacts of COVID-19 on the economies of countries dependent on tourism, the decimating effect of prolonged lockdowns on the food service sector, the pervasive disruption to the global shipping industry, the inflationary pressure on manufacturing inputs, labour shortages in certain regions and a range of operational challenges in the CopRice segment, which continued to negatively affect the Group during 1H FY2022.

As in prior years, the results for 1H FY2022 are not expected to reflect the proportional full year results of the Group, as they are influenced by seasonal factors and consumption habits during festive periods which are concentrated in the second half of the year. In addition, the start of FY2022 was disrupted by the time required to process the new Australian crop after stocks of the previous crop were fully depleted in late FY2021 and a significant overhang of previous year inventory in some key markets due to COVID-19 disruptions to global shipping and supply chains. As discussed in Our Outlook on page 8, the Group therefore anticipates that the recovery which commenced in 1H FY2022 will accelerate in 2H FY2022.

The return of Riverina rice

With improved seasonal conditions across Eastern Australia, a corresponding increase in water availability at more affordable prices and increased levels of operational activity, the Australian Rice Pool Business is once again able to absorb all its overheads and will deliver a naturally determined paddy price in FY2022. This contrasts with the Pool's loss-making position in both FY2021 and FY2020, which impacted overall Group profitability in those years.

The return of Riverina rice also resulted in a change in rice sourcing dynamics for several of the Group's segments in 1H FY2022. Australian branded rice exports progressively resumed to key premium markets in the Middle East and Asia, which were serviced by the Group's International Rice segment in the prior periods of low Australian rice production. Given the larger CY21 crop still only represents around a third of the Group's overall demand, the International Rice segment continued to source rice from nine countries outside of Australia in 1H FY2022, underpinning its ongoing performance.

The improved availability of Riverina rice also started to deliver benefits to the CopRice and Rice Food segments in 1H FY2022, whose results in part rely on inputs and by-products from the Rice Pool Business. These benefits however did not translate from the start of the period due to the time required to process the new crop, after stocks of the previous crop were fully depleted in late FY2021.

The return of a stronger Australian Rice Pool Business further benefited the Corporate segment, which was able to leverage greater Asset Financing and Brand Charges in 1H FY2022 compared to 1H FY2021.

These factors continue to demonstrate that a strong Australian Rice Pool Business remains the foundation of SunRice's business model and is mutually beneficial to both A and B Class shareholders.

Responding to the continued impacts of COVID-19

The ongoing impacts of the COVID-19 pandemic continued to drive significant and rapidly escalating disruptions to the global shipping industry in 1H FY2022.

Operationally, the Group faced a number of challenges, including a major shortage of pallets and food-grade container space due to demand outstripping supply, vessels being booked to capacity well ahead of sailing and lengthy delays due to scheduling issues and congestion at ports, which were exacerbated by the aftermath of the Suez Canal incident and recent industrial action at some of Australia's ports. While SunRice's supply chain team continued to navigate these challenges, this resulted in some of the Group's products being temporarily out of stock for part of 1H FY2022.

Unprecedented increases in freight rates – more than 1000% in some cases - also put significant pressure on margins for both the Australian Rice Pool Business and some of the Group's Profit Businesses in 1H FY2022. As a result, SunRice now expects to incur at least $30 million in additional and unplanned freight costs at a Group level in FY2022. Despite working closely with our distribution partners to recover some of these additional costs in the form of increased sales prices, these supply chain constraints weighed on Group profitability in 1H FY2022 and will continue to do so for the rest of the year.

COVID-19 also continued to affect the global operations and markets of SunRice. Notably, despite the escalation of local cases in Vietnam for part of 1H FY2022, with Government-imposed lockdowns and restrictions on movement in the local provinces, SunRice was able to provide employees with accommodation and additional support to maintain their employment and ensure business continuity.

Elsewhere, while some markets, including Hawaii, have started to reopen, tourism remained largely subdued, including in the Pacific, with flow on effects felt broadly across the economies of these nations. The situation remains of particular concern in SunRice's key market of Papua New Guinea, where the emergence and rapid spread of new Covid-19 variants across a population with very low vaccination rates has the potential to create further disruption on a generally poor health system. In an effort to mitigate these risks, SunRice's Trukai Industries business has adapted its operations to ensure social distancing and hygiene precautions are respected and has incentivised vaccination for employees.

COVID-19 also had varying impacts on the Group's Australian-based sales. Strong Australian consumer demand for the Group's retail products continued across multiple segments in 1H FY2022, which supported the first half results and offset the effects of a once again subdued food service sector due to lengthy lockdowns in NSW and Victoria.

Other challenging global conditions

A range of other global conditions had a mixed impact on the SunRice Group in 1H FY2022.

On balance, SunRice benefited from rising world rice prices, while being negatively affected by the rising inflation on energy and other input prices.

While the generally stronger AUD in 1H FY2022 compared to 1H FY2021 was favourable overall for SunRice's import-focused businesses (such as Rice Food and Riviana), it put pressure on the Australian Rice Pool Business given its export focus.

The International Rice segment also continued to face depressed economic conditions, political instability and competitive pressures in key Pacific markets. In addition, the PNG Kina, for which no hedging opportunities currently exist, was down on 1H FY2021 (although it has largely stabilised over the past 12 months). While these factors continued to weigh against profitability, the Group was able to largely mitigate their impact in 1H FY2022 compared to 1H FY2021 through ongoing and proactive management actions such as cost containment initiatives.

Ongoing CopRice recovery

While the improved seasonal conditions benefited the Group as a whole, these conditions and a range of other factors contributed to a slow recovery of the CopRice segment in 1H FY2022.

CopRice's companion animal business continued to grow during the period, however the cattle sector (in particular dairy) is still impacted by favourable pasture conditions, which are limiting the need for supplementary feed and therefore driving underutilisation of CopRice's operating plants. This, together with operational challenges associated with the growing complexity of CopRice's product portfolio, continued to impact the segment's profitability in 1H FY2022, despite the greater availability of by-products from the Australian Rice Pool Business and strong milk solid prices.

The transition of recently acquired businesses, including the feed mills in Leongatha (VIC) and Hamilton (NZ) also caused some operational challenges during 1H FY2022, which is delaying the realisation of the full potential of these investments.

Non-recurring items

There were no significant non-recurring items impacting the Group's results in 1H FY2022.

In 1H FY2021, the reversal of some COVID-19 risk provisions that had been recognised in FY2020 at the onset of the pandemic and a reduction in depreciation expense driven by the revision of the useful lives of some of the Group's storage assets had contributed positively to those results and helped contain the loss incurred in the Rice Pool business at 31 October 2020.

Other operating expenses

The ramp up of the Group's operational activity levels in Australia resulting from the larger CY21 crop drove increases in several expense categories in the Group's consolidated income statement compared to 1H FY2021, including employee benefits expenses, energy and repairs and maintenance costs.

In the case of freight and distribution expenses, this increase was further exacerbated by the disruptions to global shipping and the resulting significant price increases, which also impacted the raw materials and consumables line of the Group's income statement.

Increased expenses were also recorded as SunRice expanded promotional activities in 1H FY2022, including sponsorship and advertising campaigns focused on recent product launches to support branded sales across the Group's various segments.

Effective tax rate

The Group's effective tax rate for 1H FY2022 was 21%, compared to 11% for 1H FY2021. This result reflects the return of a greater proportion of Australian-generated profits in 1H FY2022, supported primarily by the larger CY21 crop and the contribution of KJ&Co Brands in the Riviana Foods segment.

Interim dividend declared

Through the ongoing execution of the 2024 Growth strategy, which has seen the Group deliver through the drought cycle, and the ongoing diversification of its earnings portfolio, which is well illustrated by the growth of its complementary Profit Businesses such as Riviana Foods, SunRice is progressively building a more robust earnings base, less dependent on fluctuations in Australian rice production.

In this context and considering the positive turnaround in performance achieved in 1H FY2022, the Group today declared a fully franked interim dividend of 10 cents per B Class Share.

Progress against strategy

As noted earlier, the benefits of SunRice's responsive 2024 Growth Strategy were showcased in 1H FY2022. Leveraging the $66 million invested in mergers and acquisitions in FY2021, the Group retained a sharp focus on integration and execution in 1H FY2022, with benefits realised across multiple segments. Highlights included:

- Full integration of branded food importer KJ&Co Brands into the Riviana Foods segment, which contributed to the significant uplift in Riviana Foods' 1H FY2022 performance. This acquisition is transformative for Riviana Foods and earnings per B Class Share accretive for the Group through the additions of a strong portfolio of brands, including Toscano, Hart & Soul and Bare Bakers.
- Ongoing integration of the Leongatha dairy and beef livestock business into the CopRice segment. Following COVID-19 related delays in upgrading the facilities, the site reopened in 1H FY2022 and is focusing on supporting ongoing diversification of earnings for the SunRice Group going forward.
- Ongoing integration of the Hamilton, New Zealand dairy nutrition business into the CopRice segment, which represented CopRice's first operational expansion into the important New Zealand dairy market.
- Capitalising on the Group's recent infrastructure investments, including the Leeton Bran Stabilisation Plant and the upgrade of the Leeton Specialty Rice Foods Facility, which reduced operating costs in the Rice Food segment in 1H FY2022 and delivered sales-related benefits due to improved product innovation and quality (as evident through the launch of "Our Best Yet" microwave rice pouch range).
- The continued growth of the Roza's Gourmet brand, including expanded ranging into Woolworths, which yielded further benefits in the Riviana Foods segment in 1H FY2022.

In addition, a newly formed Global Rice function was created in 1H FY2022, with Belinda Tumbers appointed as its CEO, reporting to Group CEO Rob Gordon. All facets of SunRice's rice business globally now report into Belinda, with the exception of Trukai Industries in Papua New Guinea. The Global Rice business unit includes the Australian Rice Pool Business and the International Rice and Rice Food segments, including the Global Consumer Markets, Integrated Supply Chain and Agribusiness functions. It has responsibility for developing, growing, sourcing, manufacturing, supplying, marketing and selling SunRice's sustainably produced quality rice products, satisfying an increasingly expanding global demand.

The leadership of the CopRice business unit was also renewed during the period, with Ganesh Kashyap appointed as General Manager to drive the business' recovery and expansion.

The Group's 2024 Growth Strategy remains aligned to both current consumer trends and the business' future plans.

As discussed in Our Outlook on page 8, SunRice intends to continue leveraging its strong balance sheet to pursue additional value-accretive acquisition opportunities to further diversify and grow earnings, particularly in the Australian market.

Sustainability

SunRice made significant progress on executing its Sustainability Strategy in 1H FY2022.

Highlights included progress across each of the sustainability priorities and ambitions identified in FY2021 for action by the Group. In particular, significant progress was made towards climate scenario planning as part of SunRice's commitment to the adoption of the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations as well as ongoing work across the Group towards its Net Zero target, including the continued use of renewable energy in SunRice's U.S. and Vietnam operations. The Group also released its second Modern Slavery Statement in 1H FY2022, continued to support and engage with its stakeholders on material issues, and provided support to multiple communities in need.

Significantly, the remit of the Safety, Health and Environmental Board Committee was expanded in 1H FY2022 to include sustainability. Previously governed by the full Board, the inclusion of sustainability within the newly named Safety, Health and Sustainability Committee reflects the Group's commitment and progress towards its sustainability priorities and ambitions. This Board Committee has now been charged with reviewing and monitoring the effectiveness of SunRice's Sustainability Strategy with oversight of sustainability performance and reporting on progress.

Details on all sustainability initiatives and the Group's sustainability performance data will be provided in the FY2022 Group Annual Report.

Segment performance

Revenue from continuing operations	1H FY2022 $000's	1H FY2021 $000's	Variance $000's	%
Rice Pool	89,941	68,420	21,521	31%
Profit Businesses	473,365	437,021	36,344	8%
International Rice	*253,741*	*271,439*	*(17,698)*	*-7%*
Rice Food	*53,830*	*47,998*	*5,832*	*12%*
Riviana	*97,259*	*64,482*	*32,777*	*51%*
CopRice	*68,535*	*53,102*	*15,433*	*29%*
Corporate	-	-	-	-
Other revenue	1,474	1,525	(51)	-3%
Total	**564,780**	**506,966**	**57,814**	**11%**

EBITDA	1H FY2022 $000's	1H FY2021 $000's	Variance $000's	%
Rice Pool	-	(3,055)	3,055	-100%
Profit Businesses	36,899	30,603	6,296	21%
International Rice	*16,800*	*13,503*	*3,297*	*24%*
Rice Food	*3,532*	*1,459*	*2,073*	*142%*
Riviana	*6,673*	*4,191*	*2,482*	*59%*
CopRice	*(2,211)*	*(3,315)*	*1,104*	*-33%*
Corporate	*12,105*	*14,765*	*(2,660)*	*-18%*
Intersegment eliminations	-	485	(485)	-100%
Total	**36,899**	**28,033**	**8,866**	**32%**

Profit before tax	1H FY2022 $000's	1H FY2021 $000's	Variance $000's	%
Rice Pool	-	(3,055)	3,055	-100%
Profit Businesses	21,201	16,108	5,093	32%
International Rice	*12,185*	*7,923*	*4,262*	*54%*
Rice Food	*2,587*	*187*	*2,400*	*1283%*
Riviana	*5,787*	*3,860*	*1,927*	*50%*
CopRice	*(4,475)*	*(5,040)*	*565*	*-11%*
Corporate	*5,117*	*9,178*	*(4,061)*	*-44%*
Intersegment eliminations	-	485	(485)	-100%
Total	**21,201**	**13,538**	**7,663**	**57%**

Rice Pool

Following severe and persistent drought conditions in recent years, improved water availability and pricing in 2021 resulted in a resurgence of Riverina rice in 1H FY2022. In contrast to the third and second smallest crops on record (respectively harvested in CY19 and CY20), 417,000 paddy tonnes were harvested in CY21, almost 10 times the size of last year's 45,000 tonne crop.

With this increased crop availability, Riverina rice mills resumed 24/5 operation in 1H FY2022 from their previously reduced shift bases, with a further move to 24/7 from December 2021. This ramp up in activity involved a raft of direct and indirect positive economic effects across the Riverina region, including the recruitment of more than 70 staff across our various operations and a more substantial engagement with a wide range of third party partners and suppliers.

The CY21 harvest also underpinned the return of larger volumes of Australian rice to premium export markets primarily across the Middle East and Asia in 1H FY2022, in contrast with the past two years, in which these markets were primarily supplied from the International Rice segment. This provided a significant boost to the Rice Pool's revenue in 1H FY2022, even though a significant overhang of previous year inventory in some of these markets (due to COVID-19 related shipping delays in late FY2021) slowed this recovery down.

Domestically, COVID-19 restrictions continued to contribute to strong retail sales volumes for the Australian Rice Pool Business. This offset ongoing depressed food service sales in this segment, given the ongoing impacts to restaurants, catering and other corporate customers affected by the lengthy Australian lockdowns.

Importantly, with the return of Riverina rice, the Rice Pool Business is able to absorb all its overheads and will deliver a naturally determined paddy price in FY2022. This contrasts with the Pool's loss-making position in both FY2021 and FY2020, which impacted overall Group profitability in those years of drought. This significant upside to the Group's earnings in FY2022 will be even more apparent in the full year results, as $19 million of the $22.1 million Rice Pool Business's loss in FY2021 was incurred in 2H FY2021.

While pressures remain in the form of COVID-19 related shipping disruptions and other factors (as discussed further in Our Outlook on page 8), the Group is now in a position to update the estimated paddy price range for the CY21 crop to between $405 to $435 per tonne of medium grain Reiziq. This is despite the Rice Pool business expecting to absorb at least $40 per tonne of unplanned freight costs on a full year basis.

International Rice

After two consecutive years of being involved in sourcing rice to maintain key markets for the Australian Rice Pool Business during drought, the switch back to Australian rice in premium markets in 1H FY2022 demonstrated the complementary nature of the SunRice business model in action.

Significantly, while this contributed to an overall reduction in volume and revenue in the International Rice segment in 1H FY2022 (which was exacerbated by the non-repeat of food security initiatives in Singapore and some Japanese tenders at the heart of the COVID-19 pandemic in 1H FY2021), the segment was able to improve profitability compared to 1H FY2021, successfully building on its multi-origin multi-market focus and capability.

In particular, the segment's traded rice business, Ricegrowers Singapore, continued to service 34 markets in 1H FY2022, sourcing rice from nine countries outside of Australia to meet SunRice's global demand.

With Riverina rice available once more, the Group's United States' subsidiary SunFoods was able to refocus on global tenders and its domestic markets, including a reopened Hawaiian market post COVID-19. This, coupled with the recent deployment of strategic initiatives such as additional stabilised bran processing capabilities and the new supply agreement with the Central Valley Rice Growers Association continued to support an uplift in revenue in 1H FY2022.

However, sales and margins in key Pacific markets continued to suffer from difficult economic conditions, unfavourable foreign exchange rate movements, particularly the PNG Kina against the USD (for which no hedging opportunities currently exist), and aggressive competition. These factors continued to weigh against the overall profitability of the International Rice segment, although to a much lesser extent than in 1H FY2021. This was due to the continued strong performance of the 'SolRais Famili' range in the Solomon Islands and a range of successful initiatives to grow sales and contain costs undertaken by Trukai in PNG, which strongly supported the overall upturn in profitability for the segment.

COVID-19's significant and uneven impact on global economies, including those in the tourism-reliant Pacific Islands, as well as rapidly escalating disruption to global shipping fuelling a significant escalation of freight rates during the period, put further pressure on margins. The segment's various business units worked closely with distribution partners to recover some of these additional costs in the form of increased sales prices in 1H FY2022.

With global supply chains, including Australia's, fully operational, International Rice is primed to focus on further expansion going forward as part of the Group's overall multi-origin, multi-price sourcing strategy.

Rice Food

The Rice Food segment's performance improved markedly in 1H FY2022, with this momentum being driven by a range of positive factors.

The greater availability and lower cost of Australian rice (in contrast to the higher priced Australian crop due to drought in previous periods) used as an input in a number of the segment's products played a key role in the performance uplift. This was however felt only part way through the period due to the time required to process the CY21 crop (after stocks were fully depleted in late FY2021) and was partly hampered by the use of a more expensive head rice in flour manufacturing for part of the period, while cheaper brokens were temporarily unavailable.

The renewed availability of better priced inputs from the Australian Rice Pool Business is further supporting the performance of the Leeton Bran Stabilisation plant, which operated at a loss in the prior corresponding period due to the lack of available rice.

The Rice Food segment also benefited from a number of new product launches from the prior year which supported both revenue and profitability in 1H FY2022, while the prior corresponding period was hampered by their associated one-off launch costs.

Innovation and quality improvements resulting from the investment in new cooking technology in Leeton in FY2021 further underpinned a volume and sales uplift in the microwave rice category in 1H FY2022.

SunRice's local manufacturing capability also meant that several categories were able to take advantage of a number of out-of-stocks from competing private label products that are sourced offshore for part of 1H FY2022. This boosted volumes and revenues, while COVID-19 related lockdowns in NSW and Victoria continued to fuel strong retail demand in snacking products, which more than offset the negative effect of these lockdowns on the food service sector.

To ensure these benefits can be cemented in the longer term, the Rice Food segment remains focused on identifying and executing strategies that will improve efficiencies, take costs out of the business and further support innovation.

Riviana Foods

The significant uplift in performance of the Riviana Foods segment in 1H FY2022 demonstrates both the scale and impact of the key acquisition of KJ&Co Brands, which was completed in 2H FY2021. In addition to diversifying Riviana's presence across new categories within the Australian and New Zealand retail markets, this business generated additional revenue of $34,409,000 and net profit before tax of $2,957,000 for the segment in 1H FY2022.

Strong brand performance was also observed across most of the Riviana Food segment's retail categories, including the Roza's Gourmet, Always Fresh and Fehlbergs brands. This performance was due in part to COVID-19 restrictions driving higher demand for in-home entertaining products, especially as outdoor gatherings became permissible towards the end of the lengthy lockdowns in NSW and Victoria. 1H FY2022 also saw the ranging of Roza's Gourmet products for the first time in mainstream retail via Woolworths, which is expected to provide growth opportunities for the brand in the future.

These positive factors partially offset a number of challenges that the business continued to face during the period and which included:

- The ongoing contraction of the food service sector due to COVID-19 restrictions on out of home entertaining;
- The aforementioned impacts of both local and global supply chain disruptions, which periodically impacted the availability of some of the segment's products on supermarket shelves and put pressure on margins through extraordinary freight cost escalation for a number of imported products, despite mitigation measures (including sales prices increases) being implemented; and
- Internal one-off restructuring costs, which were incurred as part of streamlining some of the business's local manufacturing operations to drive future efficiencies.

The strong results achieved in the short time since the acquisition of both KJ&Co Brands and Roza's Gourmet demonstrates Riviana Foods' ability to successfully integrate and scale acquired businesses, while leveraging its brands, marketing expertise and supply chain partnerships. As discussed in Our Outlook on page 8, the Group intends to further build on this expertise as it continues to execute the 2024 Growth Strategy.

CopRice

Despite gains in companion animal sales and a favourable product mix driving a revenue increase and triggering the start of an upturn in profitability compared to 1H FY2021, a range of factors continued to hamper profitability in CopRice in 1H FY2022.

With the business already facing depleted herd sizes following drought, the more recent favourable weather conditions continued to provide farmers in eastern Australia with an abundance of natural pasture to feed remaining stock. While livestock numbers are expected to rebuild in time, CopRice continued to experience a contracted supplementary feed market in 1H FY2022, which drove more aggressive price competition and put additional pressure on volumes and margins.

COVID-19 related operational delays also weighed against CopRice's profitability in 1H FY2022, with disruption in the supply chain of ingredients and containers for our New Zealand mill. State border restrictions also impacted capital works at the Leongatha feed mill, delaying its commissioning. With overdue upgrades completed in 1H FY2022, this business is now focusing on overcoming existing challenges, developing synergies and supporting ongoing diversification of earnings for the SunRice Group going forward.

CopRice also faced some commercial challenges during the transition phase to integrate the Hamilton feed mill acquired in 2H FY2021 to increase its geographical footprint into the New Zealand dairy feed market. Those challenges have weighed against profitability in the short term, delaying the realisation of the full potential of this investment, which despite these challenges still contributed additional revenues of $7,093,000 to the CopRice segment in 1H FY2022.

While other operational challenges, including production capacity constraints associated with the growing complexity and diversity of CopRice's product portfolio also negatively affected profitability in 1H FY2022, there were a number of positive signs during the period.

These were characterised by the expansion of CopRice's profitable companion animal division, which helped contain the segment's overall loss compared to 1H FY2021.

CopRice's Feedrite facility in Wangaratta, which reopened late in FY2021 as a second extrusion facility is also supporting the fast-growing pet food business and the return of Riverina rice by-products versus higher priced alternatives in the prior corresponding period, provided some relief.

Greater availability of Australian rice by-products also started to support the performance of the Leeton Bran Stabilisation plant, which operated at a loss in the prior corresponding period due to the lack of inputs. These benefits were however not felt from the start of the year, due to the time required to process the freshly harvested CY21 crop (after stocks were fully depleted in late FY2021).

Despite the multiple challenges experienced, CopRice continued to pursue growth initiatives in 1H FY2022, led by a new leadership team under which CopRice intends to build its multi-region presence, with a focus on mill proximity and operational excellence to accelerate turnaround and reduce costs.

Corporate

Net Profit Before Tax for this segment remains primarily driven by a range of inter-segment charges, such as brand and asset financing charges, as well as items that are not allocated to other segments, such as costs or income items associated with various corporate activities.

With the return of Riverina rice in 1H FY2022 and the corresponding increase in activity and branded sales levels, higher levels of Brand and Asset Financing charges were received from the Australian Rice Pool Business, although this was limited by a drop in the cost of capital driven by the low interest rate environment. In contrast with the previous two financial years, these amounts were fully absorbed by the Rice Pool Business, therefore providing a significant uplift in B Class Shareholder returns in 1H FY2022.

Despite these benefits, a general increase in overheads, in part driven by the higher level of operational activity in Australia in 1H FY2022 and the organisational structure changes discussed earlier (notably the establishment of the new Global Rice function), weighed on the Corporate segment's profitability. This was magnified by a review of the internal allocation of these overheads to the various other segments of the Group, which generally provided some level of relief to those segments and adversely impacted the Corporate segment compared to 1H FY2021.

Finally, the drop in profitability in 1H FY2022 was further exacerbated by 1H FY2021 benefiting from the reversal of some COVID-19 risk provisions that had been recognised in FY2020 at the onset of the pandemic.

Operating, investing and financing cash flows

The continuous financial discipline exercised by the Group, in particular in managing its net working capital requirements, resulted in the generation of a net cash inflow from operating activities in 1H FY2022 of $36,147,000, compared to $30,406,000 in 1H FY2021. This, together with the marked upturn in performance discussed earlier, supported the Group's ability to distribute an interim dividend of 10 cents per B Class Share with the release of its 1H FY2022 financial report.

Investing cash outflows in 1H FY2022 were $6,825,000. This was lower than the $14,827,000 outflows in 1H FY2021, which included $4,923,000 paid in relation to CopRice's Leongatha acquisition.

Financing cash outflows were $19,191,000 in 1H FY2022, compared to $17,978,000 in 1H FY2021. This reflects the impact of the FY2021 dividend being paid in 1H FY2022, while the timing of the reduction in net debt discussed in the balance sheet section below was achieved primarily via an increase in the cash balance on hand at period end, rather than a reduction in bank borrowings.

Balance sheet items

Net debt and gearing

Net debt of $133,773,000 and gearing of 22% at 31 October 2021 both decreased compared to 30 April 2021 ($147,875,000 and 24% respectively). This reflects the Group's focus on prioritising repayments of its more expensive core debt facility during 1H FY2022, which it had substantially increased in FY2021 with the $66 million invested in mergers and acquisitions.

The Group's leverage ratio (calculated as Net Debt / 12 months rolling EBITDA) was 2.3x at 31 October 2021. This represents a marked improvement compared to the 3.0x that was achieved at 30 April 2021, with the ratio expected to fall further by 30 April 2022. This downward trend reflects the progressive build-up of EBITDA triggered by a rejuvenated Australian Rice Pool Business and the integration of recently acquired businesses, while the associated net debt was front loaded at the time of harvest and completion of those acquisitions in FY2021.

Overall, the Group's balance sheet is in a strong position and SunRice remains well placed to continue to pursue further business expansion and merger and acquisition opportunities in the short to medium term.

Banking facilities and covenants

Core and seasonal debt facilities remained unchanged in 1H FY2022 and the Group comfortably complied with all its banking covenants throughout the reporting period.

Other key movements

Other notable key movements in the Group's consolidated balance sheet included a decrease in inventory and amounts payable to Riverina rice growers as a result of the CY21 crop harvested in April 2021 being progressively used in production and paid throughout 1H FY2022. This reflects standard seasonality between the half-year and year-end balance sheet positions for the Group.

Capital management

SunRice's established Dividend Reinvestment Plan continued to be active in 1H FY2022 in relation to dividends paid for the year ended 30 April 2021. The company's Employee Share Scheme was also active in 1H FY2022 and B Class Shares were issued upon the annual vesting of B Class Share Rights granted under the Employee Long Term Incentive Plan. Combined, these plans led to the issue of 913,424 new B Class Shares in 1H FY2022, increasing capital by $6,388,000 in the process.

As part of SunRice's commitment to efficiently manage capital while maintaining balance sheet flexibility to pursue future growth and investment opportunities and to continue to reward B Class Shareholders on a regular basis, a fully franked interim dividend of 10 cents per B Class Share was also declared on 16 December 2021.

Our outlook

As discussed in the previous sections of this report, SunRice anticipates that 2H FY2022 should see an acceleration in the year on year improvement of the Group's earnings that commenced in 1H FY2022. The Group will continue to look for synergies with its recently acquired businesses, so that these businesses can deliver additional benefits and contribute positively to Group earnings.

Notwithstanding the improved rice production in Australia, the Ricegrowers Singapore trading business is expected to remain a strong contributor to Group financial results, continuing to benefit from its capability in multi-origin, multi-price international rice sourcing. The variety of high-quality rice from a range of origins across SunRice's international supply network should allow demand to be met for bulk and branded products targeted at different price points for different markets.

Despite these encouraging signs, SunRice will continue to monitor a range of factors that have the potential to impact the scale and pace of the recovery in full year revenue and profitability, the most severe of which is the ongoing and major disruption to global shipping and supply chains driven by COVID-19. Other factors include foreign exchange movements and difficult conditions in key global markets, including political unrest. While ongoing relief is anticipated due to the successful initiatives executed in the Pacific in 1H FY2022, the local economic outlook for those markets and a worrying COVID-19 situation may further affect profitability in 2H FY2022. Strong pasture conditions in eastern Australia and a range of ongoing operational challenges are also expected to continue to hamper the pace of CopRice's recovery in the short term.

Building on the return to more favourable conditions, the Group intends to continue to execute its 2024 Growth Strategy, with a focus on new merger and acquisition opportunities, new product initiatives and various capital projects to support greater diversification and resilience, particularly in the Australian market.

Each business segment will also continue to focus on individual sustainability initiatives during 2H FY2022. As a Group, SunRice is focused on continuing to improve the governance framework around sustainability measurement and articulating the specific initiatives designed to deliver on the Group's newly established sustainability priorities and ambitions. An update on energy, packaging and climate change priorities and ambitions will be provided at the full year.

Additionally, the continuation of favourable rice growing conditions in the Riverina, including high water availability at lower prices - allocations have hit 110% in the Murray Valley and 100% in the Murrumbidgee Valley – have led to a robust volume of CY22 crop being planted in recent months. Due for processing and marketing in FY2023, assuming five-year average yields by variety and region, SunRice expects the CY22 crop will be in excess of 600,000 paddy tonnes.

This larger volume of Australian rice is expected to underpin the Australian Rice Pool's exports to premium markets in FY2023, supporting positive returns to our A Class Shareholders and growers. However, recent volatility across several factors such as the ongoing major disruption to global shipping and supply chains due to COVID-19, fluctuations in foreign exchange rates, world rice prices, conditions in end markets, on farm production and milling yields creates uncertainty on the scale of the Rice Pool's financial performance in the future. As a result, and despite our proven ability to manage the impact of freight increases on the CY21 Paddy Price (refer to the Rice Pool business commentary on page 5), it is premature to provide a reliable estimated price range for the CY22 Rice Pool at this time.

The increased availability of Australian rice (notwithstanding the impact of any other potential factors) should also continue to build momentum for the rest of the Group and support the other segments of the Group that rely on inputs and by-products from the Rice Pool Business (CopRice and Rice Food in particular). As previously noted, with a larger crop flowing through the Rice Pool business, high Asset Financing and Brand Charges are expected to be delivered to the Corporate segment, which should support earnings in FY2023 and deliver benefits to B Class Shareholders.

4. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

5. Rounding of amounts to the nearest thousand dollars ($000's)

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and interim financial report. Amounts in the directors' report and interim financial report have been rounded off to the nearest thousand dollars, in accordance with the instrument.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Board.

L Arthur Chairman	R Gordon Director

16 December 2021

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ricegrowers Limited and the entities it controlled during the period.

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
16 December 2021

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Consolidated Income Statement

For the half year ended 31 October 2021

	Note	Half year October 2021 $000's	Half year October 2020 $000's
Sales revenue	2b	**563,306**	505,441
Other revenue		**1,474**	1,525
Revenue from continuing operations		**564,780**	506,966
Other income		**476**	181
Changes in inventories of finished goods		**444**	38,499
Raw materials and consumables used		**(339,299)**	(352,720)
Freight and distribution expenses		**(54,422)**	(44,003)
Employee benefits expenses		**(73,438)**	(70,242)
Depreciation and amortisation expenses		**(12,822)**	(12,222)
Finance costs		**(2,971)**	(2,340)
Other expenses	2c	**(61,547)**	(50,581)
Profit before income tax		**21,201**	13,538
Income tax expense		**(4,475)**	(1,424)
Profit for the half year		**16,726**	12,114

Profit for the half year is attributable to:			
Ricegrowers Limited shareholders		**16,848**	14,268
Non-controlling interests		**(122)**	(2,154)
		16,726	12,114

Earnings per B Class Share for profit attributable to B Class Shareholders			
Basic and diluted earnings (cents per B Class share)	2d	**27.5**	23.9

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the half year ended 31 October 2021

	Half year October 2021 $000's	Half year October 2020 $000's
Profit for the half year	**16,726**	12,114
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	**2,070**	(117)
Exchange differences on translation of foreign operations	**5,404**	(12,398)
Income tax relating to items of other comprehensive income	**(613)**	(84)
Other comprehensive income / (loss) for the half year, net of tax	**6,861**	(12,599)
Total comprehensive income / (loss) for the half year	**23,587**	(485)
Total comprehensive income / (loss) for the half year is attributable to:		
Ricegrowers Limited shareholders	**23,177**	3,511
Non-controlling interests	**410**	(3,996)
	23,587	(485)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 October 2021

	Note	31 October 2021 $000's	30 April 2021 $000's
Current assets			
Cash and cash equivalents		**40,837**	23,536
Receivables		**181,498**	175,786
Inventories		**351,037**	375,716
Current tax receivable		**3,243**	1,554
Derivative financial instruments		**4,329**	2,759
Total current assets		**580,944**	579,351
Non-current assets			
Other financial assets		**37**	37
Property, plant and equipment		**258,832**	262,348
Investment properties		**2,900**	2,900
Intangible assets		**58,222**	58,515
Deferred tax assets		**11,633**	15,924
Investments accounted for using the equity method		**2,537**	2,458
Total non-current assets		**334,161**	342,182
Total assets		**915,105**	921,533
Current liabilities			
Payables		**146,374**	143,749
Amounts payable to Riverina Rice Growers		**92,012**	112,456
Borrowings	3b	**123,601**	84,961
Current tax liabilities		**2,591**	4,078
Provisions		**22,160**	22,552
Derivative financial instruments		**537**	1,409
Total current liabilities		**387,275**	369,205
Non current liabilities			
Payables		**1,146**	1,107
Borrowings	3b	**51,009**	86,450
Provisions		**4,049**	3,807
Total non-current liabilities		**56,204**	91,364
Total liabilities		**443,479**	460,569
Net assets		**471,626**	460,964
Equity			
Contributed equity	3c	**140,949**	134,561
Reserves	3d	**1,572**	(5,546)
Retained profits		**311,840**	315,094
Capital and resources attributable to Ricegrowers Limited shareholders		**454,361**	444,109
Non-controlling interests		**17,265**	16,855
Total equity		**471,626**	460,964

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 October 2021

	Attributable to Ricegrowers Limited shareholders					
	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's	Non-controlling interests $000's	Total $000's
Balance as at 1 May 2021	**134,561**	**(5,546)**	**315,094**	**444,109**	**16,855**	**460,964**
Profit / (loss) for the half year	**-**	**-**	**16,848**	**16,848**	**(122)**	**16,726**
Other comprehensive income	**-**	**6,329**	**-**	**6,329**	**532**	**6,861**
Total comprehensive income for the half year	**-**	**6,329**	**16,848**	**23,177**	**410**	**23,587**
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	**5,346**	**-**	**-**	**5,346**	**-**	**5,346**
Share based payments - Issue of shares to employees	**1,042**	**(1,042)**	**-**	**-**	**-**	**-**
Share based payments - Value of employee services	**-**	**1,831**	**-**	**1,831**	**-**	**1,831**
Dividends distributed	**-**	**-**	**(20,102)**	**(20,102)**	**-**	**(20,102)**
	6,388	**789**	**(20,102)**	**(12,925)**	**-**	**(12,925)**
Balance as at 31 October 2021	**140,949**	**1,572**	**311,840**	**454,361**	**17,265**	**471,626**

	Attributable to Ricegrowers Limited shareholders					
	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's	Non-controlling interests $000's	Total $000's
Balance as at 1 May 2020	**128,440**	**16,101**	**313,844**	**458,385**	**22,974**	**481,359**
Profit / (loss) for the half year	-	-	14,268	14,268	(2,154)	12,114
Other comprehensive loss	-	(10,757)	-	(10,757)	(1,842)	(12,599)
Total comprehensive income / (loss) for the half year	**-**	(10,757)	14,268	3,511	(3,996)	(485)
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	5,393	-	-	5,393	-	5,393
Share based payments - Issue of shares to employees	728	(728)	-	-	-	-
Share based payments - Value of employee services	-	994	-	994	-	994
Dividends distributed	-	-	(19,540)	(19,540)	-	(19,540)
	6,121	266	(19,540)	(13,153)	-	(13,153)
Balance as at 31 October 2020	**134,561**	**5,610**	**308,572**	**448,743**	**18,978**	**467,721**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the half year ended 31 October 2021

	Half year October 2021 $000's	Half year October 2020 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**578,971**	587,167
Payments to suppliers (inclusive of goods and services tax)	**(389,300)**	(444,883)
Payments to Riverina Rice Growers	**(76,499)**	(33,788)
Payments of wages, salaries and on-costs	**(71,388)**	(73,938)
Interest received	**95**	67
Interest paid	**(2,819)**	(2,698)
Income taxes paid	**(2,913)**	(1,521)
Net cash inflow from operating activities	**36,147**	30,406
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	**(6,850)**	(10,051)
Payments for acquisition of business	**-**	(4,923)
Proceeds from sale of property, plant and equipment	**25**	147
Net cash outflow from investing activities	**(6,825)**	(14,827)
Cash flows from financing activities		
Proceeds from borrowings	**228,601**	174,554
Repayment of borrowings	**(230,938)**	(176,137)
Principal element of lease	**(1,647)**	(1,870)
Dividends paid to the company's B Class shareholders	**(15,207)**	(14,525)
Net cash outflow from financing activities	**(19,191)**	(17,978)
Net increase / (decrease) in cash and cash equivalents	**10,131**	(2,399)
Cash at the beginning of the half year	**23,536**	31,514
Effect of exchange rate changes on cash and cash equivalents	**566**	(2,692)
Cash and cash equivalents at the end of the half year	**34,233**	26,423

Reconciliation to cash at the end of the half year

Cash at the end of the half year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated balance sheet as follows:

Cash and cash equivalents	**40,837**	28,164
Deduct bank overdraft	**(6,604)**	(1,741)
	34,233	26,423

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half year ended 31 October 2021

1. Basis of preparation of half year report

This consolidated interim financial report for the half year reporting period ended 31 October 2021 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 April 2021 and any public announcements made by Ricegrowers Limited during the interim reporting period and up to the date of this interim financial report, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

As in prior years, the results for the half year reporting period ended 31 October 2021 are not expected to reflect the proportional full year results of the Group as they are influenced by seasonal factors.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In accordance with interim financial reporting requirements, the income tax expense is recognised based on the Group's best estimate of the average effective income tax rate expected for the full financial year in each of the Group’s taxing jurisdictions.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are effective for periods beginning on or after 1 May 2021 and that are expected to have a material impact on the Group in the current or future reporting periods.

Significant changes and events in the current reporting period

For a detailed discussion about the Group’s performance and financial position, refer to our review of operations on pages 2 to 8.

2. Group Performance

a. Segment information

The Corporate Management Team, who is responsible for allocating resources and assessing performance, examines the Group's financial performance from a product and service perspective under 6 reportable segments. In aggregating operating segments into reportable segments, the Group has considered the existence of similarities in economic characteristics, nature of products, markets and customers.

Rice Pool

The receival, milling, marketing and distribution of Riverina rice, directly to customers across many channels. This includes supplying Australian markets and exporting Riverina rice to global markets (including tender markets) across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies some of the Group's local business units and global subsidiaries, which can purchase rice or by-products from the Rice Pool at commercial prices to use in their manufacturing processes or sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders, unless the Paddy Price paid to the Riverina growers is adjusted by the Board, resulting in a net loss or gain for the Rice Pool segment impacting the Group's B Class Shareholders.

International Rice

The purchasing (primarily from the U.S, Asia or the Rice Pool segment), processing, manufacturing, marketing and distribution of bulk or branded rice products through intermediaries to consumers, food service and processing customers in global markets (including tender markets) and the Australian market where the varieties cannot be grown in Australia, including during times of low water availability.

International Rice is an aggregation of the main following operating segments:

- Global Rice and Ricegrowers Singapore, the global trading arms of the Group, sourcing and selling bulk or branded rice products in Australia or overseas and in tender markets.
- Trukai, SolRice, SunFoods, Ricegrowers Vietnam, Ricegrowers New Zealand and Ricegrowers Middle East, which are separate legal entities that distribute rice products either in their respective local markets or internationally. SunFoods, Ricegrowers Vietnam and Trukai also mill and/or pack locally sourced rice.

The nature of products manufactured, the distribution process and the type of customers are comparable between these segments. The economic characteristics of the larger operating segments, measured by their gross margin, is also largely comparable when considering past and expected performance.

International rice also includes Aqaba Processing Company (a packing facility in Jordan), the Group's research and development Company (RRAPL) and the Brandon business in North Queensland. These operating segments present different performance profiles, but it is the Group's assessment that this does not materially impact the aggregated reportable segment due to the small contribution of these operating segments to International Rice.

Rice Food

The importation, local manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and preprepared meals, both in domestic and global markets. This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments, which have similar economic characteristics, including their gross margin.

Riviana Foods (Riviana)

The distribution of both imported and locally manufactured branded specialty gourmet and entertainment food products to retail and food service customers in Australia and export markets.

CopRice

The manufacture and distribution of bulk stockfeed to primary producers and branded packaged stockfeed and companion animal feed products through retail and wholesale channels to customers primarily across Australia and New Zealand.

Corporate

The Corporate segment captures the income and cost of holding and financing assets (property, plant and equipment and brands) that it owns and are utilised by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands and access to milling, packing, storage and warehousing assets. It also captures income and costs that are not allocated to other business segments due to their Group corporate nature.

Australian Grain Storage is also aggregated into the Corporate segment.

From time to time, the Corporate segment receives dividends from the Group's subsidiaries. To provide a more representative view of the underlying activities of this segment, the reported contributed NPBT for the Corporate segment is presented after dividend elimination.

a. Segment information (continued)

Performance

The following table sets forth the segment results for the period ended 31 October 2021:

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Total segment revenue	**102,932**	**253,835**	**53,830**	**97,424**	**68,535**	**15,272**	**591,828**
Inter-segment revenue	**(12,991)**	**(94)**	**-**	**(165)**	**-**	**(15,272)**	**(28,522)**
Revenue from external customers	**89,941**	**253,741**	**53,830**	**97,259**	**68,535**	**-**	**563,306**
Other revenue							**1,474**
Total revenue from continuing operations							**564,780**
Contributed EBITDA	**-**	**16,800**	**3,532**	**6,673**	**(2,211)**	**12,105**	**36,899**
EBITDA							**36,899**
Contributed Net Profit Before Tax	**-**	**12,185**	**2,587**	**5,787**	**(4,475)**	**5,117**	**21,201**
Profit before income tax							**21,201**

The following table sets forth the segment results for the period ended 31 October 2020:

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Total segment revenue	71,928	271,625	47,998	65,087	53,102	4,016	513,756
Inter-segment revenue	(3,508)	(186)	-	(605)	-	(4,016)	(8,315)
Revenue from external customers	68,420	271,439	47,998	64,482	53,102	-	505,441
Other revenue							1,525
Total revenue from continuing operations							506,966
Contributed EBITDA	(3,055)	13,503	1,459	4,191	(3,315)	14,765	27,548
Intersegment eliminations							485
EBITDA							28,033
Contributed Net Profit Before Tax	(3,055)	7,923	187	3,860	(5,040)	9,178	13,053
Intersegment eliminations							485
Profit before income tax							13,538

The Corporate Management Team evaluates results based on contributed Net Profit Before Tax, which is defined as net profit before income tax and intersegment eliminations. It also uses contributed EBITDA to assess the performance of the segments, which is defined as earnings before net finance costs (asset financing charges are not considered a finance cost/income for the purpose of the EBITDA calculation), tax, depreciation, amortisation, impairment and intersegment eliminations. Below is a reconciliation of EBITDA to profit before income tax:

	Half Year October 2021 $000's	Half Year October 2020 $000's
EBITDA	**36,899**	28,033
Finance costs - net	**(2,876)**	(2,273)
Depreciation and amortisation expense	**(12,822)**	(12,222)
Profit before income tax	**21,201**	13,538

Sales between segments are carried out at arms lengths and are eliminated on consolidation. Revenue from external customers is measured in a manner consistent with that of the financial statements and is entirely recognised at a point in time.

b. Revenue

	Half Year October 2021 $000's	Half Year October 2020 $000's
Sales revenue		
Sale of goods - recognised at a point in time	**563,306**	505,441
Other revenue		
Interest received	**95**	67
Other sundry items	**1,379**	1,458
Total revenue from continuing operations	**564,780**	506,966

c. Expenses

Profit before income tax includes the following expense items:

	Half Year October 2021 $000's	Half Year October 2020 $000's
Other expenses		
Energy	**6,322**	5,714
Advertising and artwork	**12,657**	8,238
Contracted services	**13,386**	13,410
Equipment hire and other rental expenses (not qualifying as leases)	**5,643**	4,506
Repairs and maintenance	**5,477**	4,267
Motor vehicle and travelling expenses	**1,693**	1,410
Insurance	**4,280**	4,047
Research and development	**646**	436
Internet, telephone and fax	**1,326**	1,379
Training	**478**	368
Net foreign exchange losses	**-**	902
Other	**9,639**	5,904
Total other expenses	**61,547**	50,581

d. Earnings per B Class Share

	31 October 2021 Cents	31 October 2020 Cents
Basic and diluted earnings per B Class Share	**27.5**	23.9

Reconciliation of earnings per B Class Share

	31 October 2021 $000's	31 October 2020 $000's
Profit for the half year	**16,848**	14,268
Weighted average number of B Class Shares - for basic and diluted earnings per B Class Share	**61,321**	59,790

e. Net tangible assets per B Class Share

	31 October 2021	31 October 2020
Net tangible asset backing per B Class Share	**$6.70**	$7.45

3. Capital and financial risk management

a. Dividends

On 24 June 2021, a fully franked final dividend of 33 cents per B Class Share ($20,102,000) was declared for the year ended 30 April 2021. An amount of $15,207,000 was paid on 30 July 2021, with the residual amount of $4,895,000 being issued in ordinary B Class Shares under the company's dividend reinvestment plan (see note 3c).

In addition to the above dividend, since the end of the half-year, the directors have recommended the payment of an interim dividend of 10 cents per B Class Share (2020 - Nil), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be distributed out of retained earnings at 31 October 2021, but not recognised as a liability at the end of the half-year, is $6,170,000.

b. Borrowings

	31 October 2021 $000's	30 April 2021 $000's
Current - Secured		
Bank overdrafts	**6,604**	-
Bank loans - Seasonal debt	**114,298**	82,200
Net accrued interest and capitalised borrowing costs	**(318)**	(404)
Lease liabilities	**3,017**	3,165
Total borrowings	**123,601**	84,961
Non current - Secured		
Bank loans - Core debt	**39,565**	74,000
Net accrued interest and capitalised borrowing costs	**(422)**	(488)
Lease liabilities	**11,866**	12,938
Total borrowings	**51,009**	86,450

The Group manages its cash and borrowings on a net basis. At 31 October 2021, the Group had total borrowings of $174,610,000 (30 April 2021: $171,411,000) and $40,837,000 (30 April 2021: $23,536,000) in cash and cash equivalents. At 31 October 2021, Net Debt was $133,773,000 (30 April 2021: $147,875,000).

Significant terms and conditions of bank facilities

At 31 October 2021, the terms of the Seasonal bank facility (including a trade finance and transactional banking facility) remain unchanged compared to 30 April 2021. Changes in foreign currency exchange rates however mean the total Seasonal bank facility has increased to $308,100,000 at 31 October 2021 from $306,400,000 at 30 April 2021. The trade finance and transactional banking component of the facility ($105,000,000) remained as an uncommitted facility.

At 31 October 2021, the Core bank facility remains unchanged compared to 30 April 2021 at $220,000,000.

The Group's Seasonal and Core bank borrowings are secured by registered equitable mortgages over all assets of the Obligor Group and a cross-guarantee between each member of the Obligor Group.

Under the terms of the banking facilities, the Group is required to comply with a set of financial covenants. The Group complied with these covenants throughout the reporting period.

In the current reporting period, Trukai Industries continued to benefit from a PGK 75,000,000 (AUD 27,859,000) uncommitted overdraft facility. This facility is secured against the assets of Trukai Industries under a General Security Agreement.

c. Share capital

A Class Shares

A Class Shares have no nominal value but are voting shares held by active Riverina rice growers only. A Class Shares are not classified as equity.

At 31 October 2021, 414 A Class Shares were on issue (30 April 2021: 558).

B Class Shares

B Class Shares are non-voting shares and entitle their holder to participate in dividends. B Class Shares have no par value and are classified as equity.

The number of B Class Shares on issue is detailed below.

	31 October 2021 Number of shares	30 April 2021 Number of shares
Total B Class Shares outstanding	**61,703,172**	60,281,816
Total Treasury Shares (B Class)	**-**	507,932
Total B Class Shares on issue	**61,703,172**	60,789,748

Movement in ordinary B Class Shares

Date	2021 Number of shares	2020 Number of shares	2021 $000's	2020 $000's
Balance at 1 May	**60,789,748**	**59,719,930**	**134,561**	**128,440**
Issue under Dividend Reinvestment Plan	696,952	869,139	4,895	5,015
Issue under Employee Share Scheme - purchased shares	43,881	64,438	451	378
Issue under Employee Share Scheme - shares offered for no consideration	25,165	24,350	205	143
Issue under the Employee Long Term Incentive Plan	147,426	111,891	837	585
Balance at 31 October	**61,703,172**	**60,789,748**	**140,949**	**134,561**

Dividend Reinvestment Plan

The Company has established a Dividend Reinvestment Plan (DRP) under which holders of ordinary B Class Shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary B Class Shares rather than by being paid in cash.

B Class Shares have been issued under the DRP at a 1.5% (2020: 1.5%) discount to the prevailing market price at the time of the DRP offer.

Employee Share Scheme

The Company has established an Employee Share Scheme (ESS) under which eligible employees are given the opportunity to acquire ordinary B Class Shares out of their benefit entitlements or after tax funds. Under the matching arrangement of the ESS, eligible employees may also be granted B Class Shares for no consideration.

B Class Shares are issued under the ESS at the prevailing market price at the time of the relevant annual ESS offer, with no discount.

Employee Long Term Incentive Plan

B Class Shares issued relate to vested ordinary B Class Shares under the Company's Employee Long Term Incentive Plan. B Class Shares required for the vesting of the Company's CEO Long Term Incentive were satisfied through the allocation of B Class Shares previously classified as Treasury Shares (and no additional B Class Shares required to be issued for that purpose).

d. Reserves and retained profits

	31 October 2021 $000's	30 April 2021 $000's
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(28,936)**	(33,808)
Hedging reserve - cash flow hedges	**2,846**	1,389
Transaction with non-controlling interests	**(7,956)**	(7,956)
Share-based payment reserve	**2,248**	4,415
Treasury shares reserve	**-**	(2,956)
Total reserves	**1,572**	(5,546)
Retained profits	**311,840**	315,094

e. Fair value measurements

The Group's assets and liabilities carried at fair value are mainly related to currency and interest rate derivatives.

The Group's financial instruments that are carried at fair value are valued using observable market data, as there is no price quoted in an active market for the financial instruments held (level 2). The fair value of derivative financial instruments is determined based on dealer quotes for similar instruments. The valuation inputs are calculated in accordance with industry norms and the inputs include spot market exchange rates and published interest rates.

The Group does not have any financial instruments that are carried at fair value using inputs classified as level 1 inputs.

Only the investment property is classified as level 3, as the fair value is determined by an independent valuation.

The table below presents the Group's financial assets and liabilities measured and recognised at fair value on a recurring basis:

	31 October 2021			30 April 2021		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Recurring fair value measurements	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Investment property	**-**	**2,900**	**2,900**	-	2,900	2,900
Derivatives used for hedging						
- Foreign exchange contracts	**4,095**	**-**	**4,095**	2,759	-	2,759
- Interest rate swaps	**234**	**-**	**234**	-	-	-
Total assets	**4,329**	**2,900**	**7,229**	2,759	2,900	5,659
Liabilities						
Derivatives used for hedging						
- Foreign exchange contracts	**537**	**-**	**537**	1,039	-	1,039
- Interest rate swaps	**-**	**-**	**-**	370	-	370
Total liabilities	**537**	**-**	**537**	1,409	-	1,409

There were no transfers between levels for recurring fair value measurements during the period.

The Directors consider the carrying amounts of other financial instruments approximate their fair value, due to either their short-term nature or being at market rates. These financial instruments include trade receivables, trade payables, bank overdrafts, bank loans and amounts payables to Riverina rice growers.

f. Contingent liabilities

The Group had the following contingent liabilities not provided for in its interim financial statements at the end of the reporting period:

	31 October 2021 $000's	30 April 2021 $000's
Letters of credit	**393**	697
Guarantee of bank advances	**8,914**	11,201
Total contingencies	**9,307**	11,898

At 31 October 2021, the Group does not expect any material adverse outcome from any open or pending cases.

4. Other disclosures

a. Events occurring after the reporting period

The Directors are not aware of any matter or circumstance, since the end of the financial half year, not otherwise dealt with in this Interim Financial Report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 23 are in accordance with the *Corporations Act 2001*, including:

i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
ii. giving a true and fair view of the consolidated entity's financial position as at 31 October 2021 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Ricegrowers Limited will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors.

For and on behalf of the Board.

L Arthur Chairman	R Gordon Director

16 December 2021

Independent Auditor's Review Report

Independent auditor's review report to the members of Ricegrowers Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Ricegrowers Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 October 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ricegrowers Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 October 2021 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

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and fair view of the Group's financial position as at 31 October 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
16 December 2021