Appendix 4D:
Half-Year Report

Ricegrowers Limited (ASX – SGLLV)

ABN:	Financial Half-Year Ended:	Lodgment Date:
55 007 481 156	31 October 2020	17 December 2020

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 2020 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 ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than five (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 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 2020 and the previous corresponding reporting period is the half-year ended 31 October 2019.

Results for Announcement to the Market

				$000
Revenue from ordinary activities	**Down**	**6.6%**	TO	506,966
Profit after tax	**Down**	**2.8%**	TO	12,114
Profit after tax attributable to B Class shareholders	**Down**	**3.8%**	TO	14,268

	Current period	Previous corresponding period
Net tangible assets backing per B Class Share	$7.45	$7.50
Basic and diluted earnings per B Class Share (cents)	23.9	25.3
Interim dividend		
Amount per security	n/a	n/a
Franked amount per security	n/a	n/a

It is not proposed to pay a dividend for the six-months period ended 31 October 2020.

Commentary on Results for The Period

Details of the results of the Group for the period ended 31 October 2020 are included in the attached Interim Financial Report.

As in prior years, the results for 1H FY2021 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 entities percentage holding

Pagini Transport 30.44% (31 October 2019: 30.44%)

Controlled Entities

There have been no changes in controlled entities in the six months period to 31 October 2020.

On 8 December 2020, SunRice's subsidiary, Riviana Foods Pty Ltd, entered into a securities purchase agreement to acquire 100 per cent of KJ&Co Brands Pty Ltd.

Other Information Required

Please refer to the attached Interim Financial Report and the 2020 Annual Report for other information required.

Interim Financial Report

For The Half Year Ended
31 October 2020

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 dollar.

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).

Directors' Report

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 2020.

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

In a year marked by unprecedented challenges for both communities and industries around the world, SunRice remained focused on creating value for our stakeholders in the first half of Financial Year 2021 (1H FY2021).

The Group demonstrated resilience and dynamism to deliver a strong 1H FY2021 result against the backdrop of multiple headwinds, including the escalating impacts of low Australian rice production, instability in key global markets and the ongoing impacts of COVID-19. Despite the challenging conditions, the Group maintained a sharp focus on executing its 2022 Growth Strategy during 1H FY2021, capitalising on opportunities to acquire and further integrate value-accretive businesses, make ongoing capital investment in facilities and maintain a strong innovation pipeline which saw the launch of products into new categories. These achievements positively position the company for the future, as does the recent return to more favourable conditions for rice production in the Riverina, discussed in Our Outlook on page 6.

Group Financial performance

Revenue for 1H FY2021 was $506,966,000, down 7% on the previous corresponding period (1H FY2020). Net Profit Before tax (NPBT) was $13,538,000, down 14% on 1H FY2020. Net Profit After Tax (NPAT) was $12,114,000, in line with 1H FY2020. As in prior years, the results for 1H FY2021 are not expected to reflect the proportional full year results of the Group as they are influenced by seasonal factors.

Overcoming the drought cycle

The Australian Rice Pool Business was significantly affected during 1H FY2021 by the escalating impacts of drought, restricted water allocations and high water prices on paddy supply. The CY20 Riverina crop of only 45,000 paddy tonnes was the second consecutive small crop and the second smallest Australian crop on record. With CY18 carry over crop largely depleted, this resulted in a significantly decreased volume of rice being available to process during the period, compared to FY2020. In light of these conditions – and the strategic decision to offer growers record fixed price contracts in CY20 to ensure enough crop was planted to provide seed for future plantings and to maintain a base milling program in the Riverina - the Rice Pool Business was unable to absorb all of the overheads in the business in 1H FY2021. The Pool subsequently incurred a loss of $3,055,000, which impacted the overall profitability of the Group. This is discussed further on page 4.

To offset the low availability of Australian rice, the Group was required to further expand its international sourcing capabilities to successfully meet both domestic and global demand for SunRice's products in 1H FY2021. The resulting improved performance of the International Rice segment (further discussed on page 4) more than offset the deteriorating results experienced by the Rice Pool and Corporate segments combined. This demonstrates the resilience and efficiency of the Group's business model, the complementary nature of the Rice Pool Business and the Profit Businesses and the Group's ability to deliver value for A and B Class Shareholders even in times of low Australian rice production.

The ongoing shortage of Australian crop however increasingly impacted the CopRice and Rice Food segments in 1H FY2021 (see further comments on pages 4 and 5), whose results in part rely on inputs and by-products from the Rice Pool Business. In particular, this lack of throughput meant the benefits of CopRice's recently completed $10 million Bran Stabilisation Plant could not yet be realised. In addition, while the recent improved seasonal conditions in eastern Australia should support the Group's recovery in the future (further discussed in Our Outlook on page 6), these conditions put further pressure on CopRice's results in 1H FY2021, as they provided farmers with more opportunity for pasture feeding, in turn impacting demand for supplementary feed products (see further details on page 5).

Challenging global conditions

A range of challenging global conditions affected the SunRice Group in 1H FY2021. These included the depreciation of the AUD against the USD and EUR in the early part of the half year, which increased the cost of imported products for some segments (Rice Food and Riviana Foods in particular); and the impact of an unexpected negative step change in commodity prices on CopRice, due to international trade conditions.

In the International Rice segment, difficult economic conditions in key Pacific markets, including political instability, an increasingly depreciating PNG Kina for which no hedging opportunities currently exist, and ongoing competitive pressure, weighed against profitability, although to a lesser extent than in the previous corresponding period as the Group was able to implement successful action plans to mitigate their impact.

Continued impacts of COVID-19

COVID-19 continued to significantly affect the economies of key global markets for SunRice during 1H FY2021, including in the Pacific Islands where tourism is a major contributor and was brought to a sudden halt, as well as in the Middle East, where a number of governments imposed restrictions. Margins were put under pressure, with government intervention in some markets restricting the Group's ability to pass onto customers the full impact of rising input costs in part due to falling currencies.

Consumer demand for the Group's products in most other retail markets remained strong given the higher proportion of meals being consumed at home, however the corresponding contraction of the food service sector partly offset this benefit.

The increased consumer demand for the Group's products experienced in the final quarter of FY2020 also contributed to an accelerated exhaustion of available inventory for the Australian Rice Pool Business. This, coupled with a strategic decision to retain the skills and experience of SunRice's Riverina-based workforce ahead of the anticipated larger CY21 harvest late in 2H FY2021, meant the Group's Riverina operations ran on a suboptimal reduced shift structure during 1H FY2021. This further contributed to the under absorption of overheads in the Rice Pool Business.

As market confidence progressively returned throughout the period, the Group was however able to offset some of the operational challenges of 1H FY2021 with costs associated with the COVID-19 pandemic not being as high as initially expected at 30 April 2020.

Other operating expenses

In light of the challenging conditions, there was an enhanced focus on cost reduction in 1H FY2021. Lower operational activity levels in Australia resulting from the small CY20 crop and restrictions on employee movements imposed by COVID-19, also drove reductions in several expense categories in the Group's consolidated income statement compared to 1H FY2020.

Effective tax rate

The Group's effective tax rate for 1H FY2021 was 11%, compared to 20% for the previous corresponding period. This result was primarily due to the mix of jurisdictions in which profit was generated, with an increased proportion of profits coming from the Group's lower taxed Asian operations, in line with the increase in international sourcing required to offset the low availability of Australian rice and meet the Group's global demand.

Progress against strategy

Despite challenging operating conditions, the Group retained a sharp focus on executing SunRice's 2022 Growth Strategy, leveraging a strong balance sheet to invest for the future at a time when many businesses were focused solely on survival. The Group's strategy remains responsive to and appropriate for both the business' current circumstances and future plans.

Of particular note was CopRice's acquisition of the dairy and beef business of Victorian-based producer of livestock products Riverbank Stockfeeds for $5 million, including a feed mill at Leongatha and dairy business across Gippsland and south west Victoria. The acquisition provided a manufacturing facility for CopRice in Gippsland, complementing existing facilities across south west Victoria, northern Victoria and southern NSW. In addition to securing full coverage of all key dairy regions in Victoria, this new business is expected to support ongoing diversification of earnings for the SunRice Group once upgrades of the facilities are complete.

Also of note, Riviana Foods announced the acquisition of branded food importer, KJ&Co Brands, for $50 million (subject to completion adjustments) on 8 December 2020. While this transaction fell just outside of the reporting period, it is a transformative acquisition of a new scale for the Riviana Foods segment, which is expected to deliver ongoing benefits and be earnings per share accretive in the first full year of ownership. The SunRice Group will take ownership of KJ&Co's brand portfolio, including Toscano (European bread, pizza bases, speciality breads and chilled dessert products); Hart&Soul (convenient healthy soups, ready meals, recipe bases and side dish products); Bare Bakers ('free-from' products, including gluten-free snacks and desserts) and a number of other smaller brands. KJ&Co Brands' products are sold into the Australian retail markets, including through Coles and Woolworths, and distributed in New Zealand.

Other highlights in 1H FY2021 included:

- The continuation of a $4.5 million upgrade of Leeton microwave rice facilities to reduce operating costs and improve product innovation and quality, which is due for completion in 2H FY2021.
- The continuation of the upgrade of the FeedRite site (total investment of $6 million), which was acquired by CopRice in FY2020 and will commence operations in 2H FY2021.
- Increased product innovation and export opportunities, including the launch of Brown Rice Chips in China and New Zealand following the successful establishment of chip production in Australia.
- Further integration of Roza's Gourmet into the Riviana Foods' business, which yielded benefits, as well as additional ranging of Riviana's products in New Zealand.
- The launch of SunRice's new infant rice-based product range in Australia and China, although entry into the daigou sales channel has been hampered by COVID-19.

Sustainability

During 1H FY2021, SunRice made significant progress on executing its Sustainability Strategy.

Highlights included the implementation of a new Supplier Sustainability Program with a focus on labour standards in the supply chain as a part of SunRice's commitment to United Nations Sustainable Development Goals. The period also saw the development of SunRice's inaugural Modern Slavery Statement in response to the requirements of the Australian Modern Slavery Act 2018 (Cth), which was released publicly on 10 December 2020. In addition, the Group continued to support and engage with its stakeholders on material issues and provided support to multiple communities in need. Details on these initiatives and the Group's sustainability performance data will be provided at the full year.

Segment performance

Revenue from continuing operations	1H FY2021 $000's	1H FY2020 $000's	Variance $000's
Rice Pool	68,420	124,083	(55,663)
Profit Businesses	437,021	416,872	20,149
International Rice	*271,439*	*235,053*	*36,386*
Rice Food	*47,998*	*49,781*	*(1,783)*
Riviana	*64,482*	*64,522*	*(40)*
CopRice	*53,102*	*67,516*	*(14,414)*
Corporate	*-*	*-*	*-*
Other revenue	1,525	2,001	(476)
Total	**506,966**	**542,956**	**(35,990)**

Profit before tax	1H FY2021 $000's	1H FY2020 $000's	Variance $000's
Rice Pool	(3,055)	(2,762)	(293)
Profit Businesses	16,108	16,558	(450)
International Rice	*7,923*	*(5,660)*	*13,583*
Rice Food	*187*	*1,993*	*(1,806)*
Riviana	*3,860*	*3,701*	*159*
CopRice	*(5,040)*	*901*	*(5,941)*
Corporate	*9,178*	*15,623*	*(6,445)*
Intersegment eliminations	485	1,849	(1,364)
Total	**13,538**	**15,645**	**(2,107)**

Rice Pool

The severe and persisting drought conditions, low water availability and high water prices resulted in the CY20 crop being the second lowest Australian crop on record. In order to continue to offer a commercially viable price for rice and incentivise a minimum level of production to maintain baseline operations in the Riverina and seed inventory levels for future years, the Group offered growers record fixed price contracts of $750 per paddy tonne for Reiziq and up to $1,500 per paddy tonne for organic varieties. Despite this, in light of the extremely challenging growing conditions, only 45,000 paddy tonnes were harvested, which followed the small 54,000 paddy tonne crop harvested in CY19. Similar to the prior year, this combination of lower harvested volume and higher fixed price contracts meant that, despite the reconfiguration of Riverina operations in late FY2020, the Rice Pool was unable to absorb all of the overheads in the business and recorded a loss which weighed on overall Group profitability.

While approximately 300,000 paddy tonnes were carried over from FY2019 into FY2020, which supported sales, Riverina operations and contributed positively to the absorption of manufacturing overheads in 1H FY2020, there was no comparable available carry over for 1H FY2021 due to recent small crops. The limited rice available contributed to a significant downturn in revenue and aggravated the loss incurred in 1H FY2021. The impact to the Rice Pool was further exacerbated by increased consumer demand linked to the COVID-19 pandemic, which exhausted existing inventory more quickly than initially anticipated. Despite a favourable impact on revenue, this lack of inventory meant both the Leeton and Deniliquin Mills ran sub-optimally on reduced shifts during 1H FY2021, a trend expected to worsen with an expected depletion in Riverina Rice available for processing in 2H FY2021.

Despite these challenges, SunRice remained committed to maintaining a core workforce during the period to enable facilities to be quickly ramped up in response to the larger crop expected in CY21 (see Our Outlook on page 6). Concurrently, the Rice Pool Business remained focused on prioritising the supply of Australian rice at higher prices into premium markets and implementing cost saving initiatives. This, combined with the revision of the useful lives of some of the Group's storage assets which was enabled by their condition and planned future usage, as well as costs associated with the COVID-19 pandemic not being as high as initially expected at 30 April 2020, helped contain the Rice Pool loss in 1H FY2021. The reduced revenue, inventory levels and activity in 1H FY2021 also resulted in the Rice Pool Business incurring significantly lower brand and asset financing charges from the Corporate segment, as well as a smaller manufacturing overhead allocation, providing further relief. As a result, the manufacturing overhead cost allocation was absorbed primarily by International Rice, due to the higher volume of rice sold in that segment.

With limited levels of inventory left at 31 October 2020 and with the CY21 crop not available until April 2021, the loss in the Rice Pool business is expected to increase in the second half of the year and to exceed the loss incurred in FY2020 on a full-year basis, but should not exceed the loss reported in FY2017.

International Rice

In the traded rice business, Ricegrowers Singapore increased its international sourcing capabilities in response to the small Australian crop, enabling demand for SunRice's products to be met in key existing markets, including those previously supplied by Australian rice. In addition, new opportunities to assist with food security initiatives in Singapore in the context of COVID-19, successful participation in Japanese tenders and the transfer of Riviana Foods' rice business to the International Rice segment also assisted year-on-year trading volumes and delivered improved performance.

The Group's United States' subsidiary SunFoods also contributed to the supply of markets that typically purchase Australian rice in 1H FY2021, providing a hedge against the low levels of production in the Riverina. This, coupled with a generally better asset utilisation in the business following improvements in milling yields, supported a significant uplift in performance compared to 1H FY2020, which is expected to continue in 2H FY2021.

Sales and margins in key Pacific markets suffered from difficult economic conditions, unfavourable foreign exchange rate movements, particularly PNG Kina against the USD, and aggressive competition. Despite a significantly improved performance against the previous corresponding period driven by a range of in market initiatives to grow sales and contain costs, these factors continued to weigh on the overall profitability of the International Rice segment. COVID-19's significant impact on global economies, including those in the Middle East and tourism-reliant Pacific Islands, also affected performance.

Despite these challenges and an increase in manufacturing overhead allocations primarily due to the reduced activity in the Rice Pool Business, the International Rice segment's increase in profit more than offset the combined downturn in results in the Rice Pool and Corporate segments during 1H FY2021. This once again demonstrates the efficiency of the Group's business model, the complementary nature of the two business groups and the Group's ability to positively deliver and keep its markets open even in times of Australian rice scarcity.

Rice Food

The Rice Food segment expanded its offering in 1H FY2021, including the launch of SunRice's infant rice-based product range. While the range has been well received in Australia, access to China was hampered by the contraction of the daigou channel due to COVID-19. Brown Rice Chips were also launched in China and New Zealand, following the successful establishment of chip production in Australia during 1H FY2021. This local capability will form a foundation for increased product innovation and export opportunities going forward, including the launch of chips in the Middle East in 2H FY2021.

Sales volumes in a number of this segment's categories were down on the previous corresponding period. This was in part due to the lack of inputs available from the Rice Pool Business as a result of the smaller Australian crop. COVID-19 and the resulting lengthy Victorian lockdown also contracted food-service demand and there were missed sales opportunities in the early part of the year as production constraints limited the ability to meet the surge in consumer demand for food products.

Profitability was further hampered across several product categories by rising input costs (most notably the high C20 paddy price of $750 per tonne); the absorption of one-off launch costs on the Baby Rice Cereal range and Australian-made Brown Rice Chips; an increase in manufacturing overhead allocations resulting from the contraction of the Rice Pool Business; and unfavourable foreign exchange movements on imported products. This was further exacerbated by an unfavourable change in product mix due to COVID-19, with lower-margin consumer categories outperforming the segment's higher margin food service categories due to changes in consumer preferences and industry demand.

Despite these challenges, the Group continues to work on strategies to improve efficiencies and further support innovation in this segment, including the continuation of a $4.5 million investment in microwave rice capabilities within Leeton Rice Food facilities. This is due for completion in 2H FY2021 and is expected to bring incremental benefits to the Group when fully operational.

Riviana Foods

As previously highlighted, the Riviana Foods rice business was transferred to the International Rice segment in 1H FY2021. Adjusting both 1H FY2020 and 1H FY2021 for this transfer, Riviana Foods' revenue from external customers increased by $3.9 million and Net Profit Before Tax by $1.4 million compared to the previous corresponding period.

This improved underlying performance reflects strong brand performance across both retail and in Roza's Gourmet, in part as COVID-19 restrictions continued to drive higher demand for in-home entertainment products, as well as the positive effect on costs of recently achieved operational efficiencies and synergies, and the additional ranging of products in New Zealand. This more than offset the challenges of a significantly contracted Food Service sector due to COVID-19 restrictions on out of home entertainment and the rising costs of imported products driven by negative foreign exchange movements in the early part of the year.

As separately discussed in Progress Against Strategy on page 3, the transformative acquisition of KJ&Co Brands announced in December 2020 will continue to support the growth of the Riviana Foods business going forward and is expected to be earnings per share accretive in the first full year of ownership.

CopRice

CopRice faced multiple headwinds during the period. Falling commodity prices, exacerbated by an unexpected step change in international trade conditions, impacted the business negatively, as did the shortage of Australian rice by-products which are used in CopRice's manufacturing process. This current lack of rice by-products particularly affected the performance of the newly commissioned Leeton Bran Stabilisation plant, which consequently temporarily operated at sub-optimal levels in 1H FY2021, while incurring all depreciation and other associated costs.

In addition, with the business already dealing with a drought-related reduction in herd sizes, the recent upturn in weather conditions provided farmers with an abundance of natural pasture to feed remaining stock, further reducing the demand for supplementary feed products in 1H FY2021. The return to more favourable conditions and the expected larger CY21 Australian rice crop should however provide relief to CopRice in FY2022 and beyond, through increased throughput, sourcing of raw material at competitive conditions, better utilisation of assets and the return of greater demand for feed products as livestock numbers progressively rebuild.

Despite the challenging conditions, CopRice continued to pursue growth initiatives in 1H FY2021, acquiring, upgrading and expanding well priced assets during the low point in the drought cycle, which are expected to yield benefits as key markets recover. In particular, CopRice completed the acquisition of Riverbank Stockfeeds, including a feed mill at Leongatha, and dairy and beef business across Gippsland and south west Victoria. While acquisition-related costs weighed on performance in 1H FY2021, this new business will provide incremental benefits to CopRice in 2H FY2021 once upgrades of the facilities are complete and the site recommences operation. Currently the region is being serviced via CopRice's existing facilities, capitalising on the business's new capability to supply pellets, concentrates and grain blends and ensuring CopRice is able to supply all dairy farms going forward, regardless of their preferred feeding system.

CopRice has also invested for growth via its FeedRite operation, acquired in FY2020, which will reopen in 2H FY2021 as a second extrusion facility to support the fast growing pet food business, which delivered significantly improved revenue and margin gains in 1H FY2021 compared to the previous corresponding period.

In parallel, CopRice is exploring additional opportunities to expand the business and diversify earnings. The business has historically been a strong contributor to Group Net Profit After Tax, and is well positioned to rebuild post drought, particularly given the strategic investments made in mergers and acquisitions, capital expenditure and new product development.

Corporate

Net Profit Before Tax for this segment remains primarily driven by a range of intersegment charges such as brand and asset financing charges, as well as items that are not allocated to other segments, such as costs associated with various corporate activities. Key factors driving the reduced profitability of the Corporate segment in 1H FY2021 included:

- Significantly lower levels of Asset Financing Charges received from the Rice Pool Business with the reduction of inventory in the current period and a drop in the cost of capital driven by the low interest rate environment. The offsetting effect of these lower charges however helped contain the Rice Pool's loss in 1H FY2021.
- Lower levels of Brand Charges received from the other segments of the Group following the drop in the underlying revenue of branded products across the period.

- Increased consulting costs to support and improve information technology systems and security across the Group.

These factors were partly offset by costs associated with the COVID-19 pandemic not being as high as initially expected at 30 April 2020, as market confidence progressively returned during the period.

Balance sheet items

Net debt and gearing

The current level of net debt ($83,734,000 at 31 October 2020 compared to $82,601,000 at 30 April 2020) and gearing (15% at both 31 October 2020 and 30 April 2020), highlights the Group's balance sheet strength and favourable position to continue to pursue further business expansion and merger and acquisition opportunities in the short to medium term.

Banking facilities and covenants

The Group comfortably complied with all its banking covenants throughout 1H FY2021.

Capital management

SunRice's established Dividend Reinvestment Plan continued to be active in 1H FY2021 in relation to dividends paid for the year ended 30 April 2020. The company's established Employee Share Scheme was also active in 1H FY2021 and B Class Shares were also issued on the first vesting of the company's established Employee Long Term Incentive Plan in relation to the three-year period ended 30 April 2020. Combined, these plans led to the issuance of 1,069,818 new B Class Shares in 1H FY2021 (see note 3c in the 1H FY2021 Financial Statements), increasing capital by $6,121,000 in the process.

Our outlook

The CY21 crop, which has now been planted and is due for harvest in April 2021, is anticipated to mark the end of a difficult cycle for the Group and set the path for a progressive recovery. The CY21 crop is expected to be larger than 450,000 paddy tonnes – more than 10 times the volume of the CY20 crop of 45,000 paddy tonnes. While the anticipated CY21 crop is still below average, the increased volume means the Australian Rice Pool Business should again be in a position to absorb its respective share of the overhead costs for FY2022. The paddy price guide of $390 - $450 per tonne for Medium Grain Reiziq announced in September 2020 remains in place at this stage.

The return to more favourable seasonal conditions will also further boost the segments of the Profit Businesses that rely in part on Rice Pool Business products (in particular CopRice and Rice Food) and enable recent investments such as the Bran Stabilisation Plant to start yielding a return through better asset utilisation and increased throughput. Cross charges between the Corporate segment and the Rice Pool Business, in particular asset financing charges, should also rebalance, delivering incremental benefits to B Class Shareholders.

It is important to note that these positive impacts won't be felt until FY2022. In this context, 2H FY2021 will be focused on seeking to preserve returns to shareholders and balance sheet strength to position the Group favourably for the future. Incremental gains from the recent FeedRite, Riverbank and KJ&Co Brands acquisitions are also expected to be made in 2H FY2021 as these assets and businesses are progressively integrated into the Group.

In addition to the record fixed price contracts paid to Riverina growers for the CY20 crop, should there be no significant deterioration in market conditions in 2H FY2021, the SunRice Board currently intends to distribute a fully franked dividend at similar levels to the prior year.

For now, the Group continues to face a number of challenges, including COVID-19 affected economies, the small volume of remaining Riverina rice, and difficult conditions in key global markets. SunRice continues to monitor these and other factors that have the potential to impact revenue and Net Profit Before Tax, including foreign exchange movements. While some relief is anticipated due to new initiatives in the Pacific, the local economic outlook for those markets, including political instability, may affect profitability in 2H FY2021.

The Group also continues to pursue further expansion and diversification of earnings through execution of the 2022 Growth Strategy. Building on SunRice's strong balance sheet position, there are additional merger and acquisition opportunities, new product initiatives and various capital projects being considered to support greater diversification and resilience, particularly given the fluctuations in Australian rice production in recent years. Many of these initiatives are also expected to be earnings per share accretive over the short term.

In line with the 2022 Growth Strategy, each business segment will continue to focus on individual sustainability initiatives during 2H FY2021. However, as a Group, SunRice is focused on continuing to improve the governance framework around sustainability measurement, supporting the move to articulate and share sustainability targets and goals for key focus areas, including energy, packaging and climate change disclosures, in line with recommendations made by the Taskforce on Climate-related Financial Disclosures.

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 7.

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

17 December 2020

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2020, 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
17 December 2020

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Consolidated Statement of Comprehensive Income

For the half year ended 31 October 2020

	Note	Half year October 2020 $000's	Half year October 2019 $000's
Sales revenue	2b	**505,441**	540,955
Other revenue		**1,525**	2,001
Revenue from continuing operations		**506,966**	542,956
Other income		**181**	42
Changes in inventories of finished goods		**38,499**	993
Raw materials and consumables used		**(352,720)**	(337,339)
Freight and distribution expenses		**(44,003)**	(46,752)
Employee benefits expenses		**(70,242)**	(74,223)
Depreciation and amortisation expenses		**(12,222)**	(12,450)
Finance costs		**(2,340)**	(3,786)
Other expenses	2c	**(50,581)**	(53,796)
Profit before income tax		**13,538**	15,645
Income tax expense		**(1,424)**	(3,178)
Profit for the half year		**12,114**	12,467

Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	**(117)**	(1,335)
Exchange differences on translation of foreign operations	**(12,398)**	1,507
Income tax relating to items of other comprehensive income	**(84)**	312
Other comprehensive income for the half year, net of tax	**(12,599)**	484
Total comprehensive income for the half year	**(485)**	12,951

Profit for the half year is attributable to:		
Ricegrowers Limited shareholders	**14,268**	14,838
Non-controlling interests	**(2,154)**	(2,371)
	12,114	12,467

Total comprehensive income for the half year is attributable to:		
Ricegrowers Limited shareholders	**3,511**	15,059
Non-controlling interests	**(3,996)**	(2,108)
	(485)	12,951

Earnings per share for profit attributable to B Class Shareholders			
Basic and diluted earnings (cents per B Class share)	2d	**23.9**	25.3

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

Consolidated Balance Sheet

As at 31 October 2020

	Note	31 October 2020 $000's	30 April 2020 $000's
Current assets			
Cash and cash equivalents		**28,164**	39,837
Receivables		**135,540**	196,986
Inventories		**271,634**	277,338
Current tax receivable		**556**	699
Derivative financial instruments		**586**	1,123
Total current assets		**436,480**	515,983
Non-current assets			
Other financial assets		**37**	37
Property, plant and equipment		**261,953**	264,393
Investment properties		**2,900**	2,900
Intangible assets		**14,973**	14,449
Deferred tax assets		**19,577**	17,566
Investments accounted for using the equity method		**2,722**	2,978
Total non-current assets		**302,162**	302,323
Total assets		**738,642**	818,306
Current liabilities			
Payables		**127,657**	159,925
Amounts payable to Riverina Rice Growers		**-**	18,423
Borrowings	3b	**54,530**	63,637
Current tax liabilities		**5,073**	5,141
Provisions		**20,101**	23,303
Derivative financial instruments		**800**	1,702
Total current liabilities		**208,161**	272,131
Non current liabilities			
Payables		**1,701**	1,830
Borrowings	3b	**57,368**	58,801
Provisions		**3,691**	4,185
Total non-current liabilities		**62,760**	64,816
Total liabilities		**270,921**	336,947
Net assets		**467,721**	481,359
Equity			
Contributed equity	3c	**134,561**	128,440
Reserves	3d	**5,610**	16,101
Retained profits		**308,572**	313,844
Capital and resources attributable to Ricegrowers Limited shareholders		**448,743**	458,385
Non-controlling interests		**18,978**	22,974
Total equity		**467,721**	481,359

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 2020

	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 for the half year	**-**	**-**	**14,268**	**14,268**	**(2,154)**	**12,114**
Other comprehensive income	**-**	**(10,757)**	**-**	**(10,757)**	**(1,842)**	**(12,599)**
Total comprehensive income 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**

	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 30 April 2019	**122,852**	**7,355**	**306,643**	**436,850**	**26,054**	**462,904**
Change in accounting policy	-	-	(600)	(600)	-	(600)
Restated balance as at 1 May 2019	**122,852**	**7,355**	**306,043**	**436,250**	**26,054**	**462,304**
Profit for the half year	-	-	14,838	14,838	(2,371)	12,467
Other comprehensive income	-	221	-	221	263	484
Total comprehensive income for the half year	**-**	221	14,838	15,059	(2,108)	12,951
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	5,471	-	-	5,471	-	5,471
Share based payments - Issue of shares to employees	117	(117)	-	-	-	-
Share based payments - Value of employee services	-	883	-	883	-	883
Dividends distributed	-	-	(19,212)	(19,212)	-	(19,212)
	5,588	766	(19,212)	(12,858)	-	(12,858)
Balance as at 31 October 2019	**128,440**	**8,342**	**301,669**	**438,451**	**23,946**	**462,397**

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 2020

	Half year October 2020 $000's	Half year October 2019 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**587,167**	580,474
Payments to suppliers (inclusive of goods and services tax)	**(444,883)**	(394,864)
Payments to Riverina Rice Growers	**(33,788)**	(66,743)
Payments of wages, salaries and on-costs	**(73,938)**	(75,072)
Interest received	**67**	78
Interest paid	**(2,698)**	(3,448)
Income taxes paid	**(1,521)**	(10,930)
Net cash inflow from operating activities	**30,406**	29,495
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	**(10,051)**	(19,075)
Payments for acquisition of business	**(4,923)**	-
Proceeds from sale of property, plant and equipment	**147**	137
Net cash outflow from investing activities	**(14,827)**	(18,938)
Cash flows from financing activities		
Proceeds from borrowings	**174,554**	231,530
Repayment of borrowings	**(176,137)**	(207,760)
Principal element of lease	**(1,870)**	(1,414)
Dividends paid to the company's B Class shareholders	**(14,525)**	(13,932)
Net cash (outflow) / inflow from financing activities	**(17,978)**	8,424
Net (decrease) / increase in cash and cash equivalents	**(2,399)**	18,981
Cash at the beginning of the half year	**31,514**	10,440
Effect of exchange rate changes on cash and cash equivalents	**(2,692)**	168
Cash and cash equivalents at the end of the half year	**26,423**	29,589

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	**28,164**	37,639
Deduct bank overdraft	**(1,741)**	(8,050)
	26,423	29,589

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 2020

1. Basis of preparation of half year report

This consolidated interim financial report for the half year reporting period ended 31 October 2020 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 2020 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 2020 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, except for the estimation of income tax expense which is recognised based on the Group's best estimate of the weighted average effective annual income tax rate expected for the full financial year.

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 6.

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, market 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 across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies the Group's global subsidiaries, which can purchase rice from the Rice Pool at commercial prices to sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders.

International Rice

The purchasing (whether from international sources - primarily the U.S or 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 world 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 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, are 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 (Rice Research Australia) 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, manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and pre-prepared 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 specialty gourmet and entertainment food products to retail and food service customers in Australia and select 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 across Australia and select export markets.

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, such as legal fees and costs associated with other corporate activity. Australian Grain Storage is aggregated into the Corporate segment.

From time to time, the Corporate segment receives dividends from the Group's subsidiaries. Because these transactions (which can be material and distort the segment's results) are eliminated in consolidation (but would represent an intersegment elimination), the reported results for the Corporate segment are presented after dividend elimination, in order to provide a more representative view of its underlying activities.

Performance

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	1,446	13,503	1,459	4,191	(3,315)	10,264	27,548
Intersegment eliminations							485
Total 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 following table sets forth the segment results for the period ended 31 October 2019:

	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	145,711	235,189	51,123	64,522	70,144	9,131	575,820
Inter-segment revenue	(21,628)	(136)	(1,342)	-	(2,628)	(9,131)	(34,865)
Revenue from external customers	124,083	235,053	49,781	64,522	67,516	-	540,955
Other revenue							2,001
Total revenue from continuing operations							542,956
Contributed EBITDA	3,989	(332)	3,850	3,743	2,375	16,329	29,954
Intersegment eliminations							1,849
Total EBITDA							31,803
Contributed Net Profit Before Tax	(2,762)	(5,660)	1,993	3,701	901	15,623	13,796
Intersegment eliminations							1,849
Profit before income tax							15,645

The Corporate Management Team evaluates results based on contributed Net Profit Before Tax, which is defined as net profit before tax and intersegment eliminations. It also uses contributed EBITDA (defined as earnings before net finance costs – excluding asset financing charges, tax, depreciation, amortisation, impairment and intersegment eliminations) as a measure to assess the performance of the segments. A reconciliation of EBITDA to profit before income tax is provided below:

	Half Year October 2020 $000's	Half Year October 2019 $000's
Total EBITDA	**28,033**	31,803
Finance costs - net	**(2,273)**	(3,708)
Depreciation and amortisation expense	**(12,222)**	(12,450)
Profit before income tax	**13,538**	15,645

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 2020 $000's	Half Year October 2019 $000's
Sales revenue		
Sale of goods - recognised at a point in time	**505,441**	540,955
Other revenue		
Interest received	**67**	78
Other sundry items	**1,458**	1,923
Total revenue from continuing operations	**506,966**	542,956

c. Expenses

Profit before income tax includes the following expense items:

	Half Year October 2020 $000's	Half Year October 2019 $000's
Other expenses		
Energy	**5,714**	5,895
Advertising and artwork	**8,238**	7,654
Contracted services	**13,410**	11,355
Equipment hire and other rental expenses (not qualifying as leases)	**4,506**	5,820
Repairs and maintenance	**4,267**	4,018
Motor vehicle and travelling expenses	**1,410**	4,079
Insurance	**4,047**	2,613
Research and development	**436**	338
Internet, telephone and fax	**1,379**	1,310
Training	**368**	494
Net foreign exchange losses	**902**	520
Other	**5,904**	9,700
Total other expenses	**50,581**	53,796

d. Earnings per B Class Share

	31 October 2020 Cents	31 October 2019 Cents
Basic and diluted earnings per B Class Share	**23.9**	25.3

Reconciliation of earnings per B Class Share

	31 October 2020 $000's	31 October 2019 $000's
Profit for the half year	**14,268**	14,838
Weighted average number of B Class Shares - for basic and diluted earnings per B Class Share	**59,790**	58,710

e. Net tangible assets per B Class Share

	31 October 2020	31 October 2019
Net tangible asset backing per B Class Share	$ **7.45**	$ 7.50

3. Capital and financial risk management

a. Dividends

On 25 June 2020, a fully franked final dividend of 33.0 cents per B Class Share ($19,540,000) was declared for the year ended 30 April 2020. An amount of $14,525,000 was paid on 30 July 2020, with the residual amount of $5,015,000 being issued in ordinary B Class Shares under the company's dividend reinvestment plan (see note 3c).

b. Borrowings

	31 October 2020 $000's	30 April 2020 $000's
Current - Secured		
Bank overdrafts	**1,741**	8,323
Bank loans - Seasonal debt	**50,622**	52,205
Net accrued interest and capitalised borrowing costs	**(906)**	(544)
Lease liabilities	**3,073**	3,653
Total borrowings	**54,530**	63,637
Non current - Secured		
Bank loans - Core debt	**46,000**	46,000
Net accrued interest and capitalised borrowing costs	**(1)**	(5)
Lease liabilities	**11,369**	12,806
Total borrowings	**57,368**	58,801

The Group manages its cash and borrowings on a net basis. At 31 October 2020, the Group had total borrowings of $111,898,000 (30 April 2020: $122,438,000) and $28,164,000 (30 April 2020: $39,837,000) in cash and cash equivalents. At 31 October 2020, Net Debt was $83,734,000 (30 April 2020: $82,601,000).

Significant terms and conditions of bank facilities

At 31 October 2020, the terms of the Seasonal bank facility (including an uncommitted trade finance and transactional banking facility) remain unchanged compared to 30 April 2020. Changes in foreign currency exchange rates however mean the total Seasonal bank facility has reduced to $220,500,000 at 31 October 2020 from $222,400,000 at 30 April 2020. At 31 October 2020, the Core bank facility remains unchanged compared to 30 April 2020 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 29,888,000) 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 2020, 558 A Class Shares were on issue (30 April 2020: 605).

B Class Shares

B Class Shares are non-voting shares and entitle the 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 2020 Number of shares	30 April 2020 Number of shares
Total B Class Shares outstanding	**60,281,816**	59,211,998
Total Treasury Shares (B Class)	**507,932**	507,932
Total B Class Shares on issue	**60,789,748**	59,719,930

Movement in ordinary B Class Shares

Date	2020 Number of shares	2019 Number of shares	2020 $000's	2019 $000's
Balance at 1 May	**59,719,930**	**58,725,413**	**128,440**	**122,852**
Issue under Dividend Reinvestment Plan	869,139	941,217	5,015	5,280
Issue under Employee Share Scheme - purchased shares	64,438	32,766	378	191
Issue under Employee Share Scheme - shares offered for no consideration	24,350	20,534	143	117
Issue under the Employee Long Term Incentive Plan	111,891	-	585	-
Balance at 31 October	**60,789,748**	**59,719,930**	**134,561**	**128,440**

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% (2019: 2%) 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 FY18 Employee Long Term Incentive Plan.

d. Reserves and retained profits

	31 October 2020 $000's	30 April 2020 $000's
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(19,663)**	(9,107)
Hedging reserve - cash flow hedges	**(205)**	(4)
Transaction with non-controlling interests	**(7,956)**	(7,956)
Share-based payment reserve	**3,020**	2,754
Treasury shares reserve	**(2,956)**	(2,956)
Total reserves	**5,610**	16,101
Retained profits	**308,572**	313,844

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 are 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 on the next page presents the Group's financial assets and liabilities measured and recognised at fair value on a recurring basis:

Recurring fair value measurements	31 October 2020 Level 2 $'000	Level 3 $'000	Total $'000	30 April 2020 Level 2 $'000	Level 3 $'000	Total $'000
Assets						
Investment property	**-**	**2,900**	**2,900**	-	2,900	2,900
Derivatives used for hedging						
- Foreign exchange contracts	**586**	**-**	**586**	1,123	-	1,123
Total assets	**586**	**2,900**	**3,486**	1,123	2,900	4,023
Liabilities						
Derivatives used for hedging						
- Foreign exchange contracts	**27**	**-**	**27**	525	-	525
- Interest rate swaps	**773**	**-**	**773**	1,177	-	1,177
Total liabilities	**800**	**-**	**800**	1,702	-	1,702

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 2020 $000's	30 April 2020 $000's
Letters of credit	**1,148**	7,009
Guarantee of bank advances	**4,477**	2,564
Total contingencies	**5,625**	9,573

Letters of credit in both years are mainly contracted in relation to the purchase of rice in Asia.

From time to time, the Group is involved in disputes and litigations with third parties. At 31 October 2020, the Group does not expect any material adverse outcome from any open or pending case.

4. Group structure

a. Business combination

Riverbank Stockfeeds

On 13 August 2020, SunRice's division, CopRice, acquired the dairy and beef business of Riverbank Stockfeeds (Riverbank), a Victorian-based producer of livestock products, for a total cash consideration of $4,923,000.

The acquisition includes Riverbank's feed mill at Leongatha and dairy business across Gippsland and south west Victoria. The acquisition provides a manufacturing facility for CopRice in Gippsland, complementing its existing facilities at Cobden in south west Victoria, Tongala in northern Victoria and Leeton and Coleambally in southern New South Wales.

The assets and liabilities recognised as a result of the acquisition are as follows:

	$000's
Inventory	274
Property, Plant and Equipment	3,706
Payables	(191)
Provisions	(33)
Identifiable net assets acquired	3,756
Add: Goodwill	1,167
Net assets acquired	**4,923**

The goodwill is attributable to Riverbank's strong position and synergies expected to arise after the Group's acquisition of the new business. It has been allocated to the CopRice segment and none of it is expected to be deductible for tax purposes.

Due to the timing of the acquisition, the fair values of the assets acquired and liabilities assumed are marked as provisional at 31 October 2020.

Acquisition-related costs

Acquisition-related costs of approximately $355,000 are included in other expenses in profit or loss.

Revenue and profit contribution

Since acquisition, CopRice has commenced an upgrade of the Leongatha site which is therefore not yet operating. However, customers of the business are currently being serviced out of CopRice's existing facilities in Cobden and Tongala.

5. Other disclosures

a. Events occurring after the reporting period

On 8 December 2020, SunRice's subsidiary, Riviana Foods, entered into a securities purchase agreement to acquire 100 per cent of KJ&Co Brands, an importer of branded food products across multiple categories in the Australian and New Zealand retail markets, for a total cash consideration of $50,000,000 (subject to completion adjustments). The acquisition includes KJ&Co's brand portfolio, which includes Toscano (European bread, pizza bases, specialty breads and chilled dessert products); Hart&Soul (convenient healthy soups, ready meals, recipe bases and side dish products); Bare Bakers ('free-from' products, including gluten-free snacks and desserts); and a number of other smaller brands.

The Directors are not aware of any other 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 8 to 21 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 2020 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

17 December 2020

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 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow 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 2020 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility 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 responsibility 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

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Independent Auditor's Review Report
Continued

the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 October 2020 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

Mark Dow
Partner

Sydney
17 December 2020