Appendix 4D:
Half-Year Report

Ricegrowers Limited (ASX – SGLLV)

ABN:	Financial Half-Year Ended:	Lodgement Date:
55 007 481 156	31 October 2022	15 December 2022

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 2022 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 (SunRice) 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 rice growers who meet the production quotas prescribed by the SunRice Constitution. No person may hold more than five 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 generally have the right to vote at general meetings of SunRice. This means that B Class shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% 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 2022 (1H FY2023) and the previous corresponding reporting period is the half-year ended 31 October 2021 (1H FY2022).

Results for Announcement to the Market

				$000
Revenue from ordinary activities	Up	34.2%	TO	757,969
Profit after tax	Up	16.9%	TO	19,551
Profit after tax attributable to B Class shareholders	Up	5.0%	TO	17,685

	Current period	Previous corresponding period
Net tangible assets backing per B Class Share ($)	6.91	6.70
Basic earnings per B Class Share (cents)	28.3	27.5
Diluted earnings per B Class Share (cents)	28.1	27.4
Interim dividend		
Amount per security (cents per B Class Share)	10.0	10.0
Franked amount per security (100% franking rate applicable) (cents per B Class Share)	10.0	10.0

Date the dividend is payable	27 January 2023
Record date to determine entitlements to the dividend	21 December 2022

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 2022 are included in the attached Interim Financial Report.

The 1H FY2023 Financial Results were driven by a range of factors:

- The improved availability of rice in the Riverina, with the CY22 crop (at approximately 688,000 paddy tonnes) being more than 50% larger than the CY21 crop. This primarily benefited the Rice Pool business, supporting strong sales volumes in premium markets both domestically and internationally, including the Middle East, and enabled the Group to supply new markets which have been affected by drought.
- Sales price increases across most of the Group's segments and product categories, in response to the escalating cost base. These were complemented by favourable changes in product mix in some markets, particularly the United States.
- The continued recovery of the CopRice business, which was able to increase its market share, grow volumes, improve its product mix and navigate the complexity of its product portfolio. Abundant pasture and harvested reserves from successive La Niña events in Eastern Australia, however, continue to constrain demand for supplementary feed.
- The impact of the Pryde's EasiFeed acquisition in January 2022, which contributed an additional $17.7 million of revenue to the Group in 1H FY2023. It is also supporting CopRice's diversification into new geographic regions and increasing its presence in the high value branded equine market.
- The ongoing recovery of key Pacific markets where the SunRice Group was able to increase rice supply volumes, amidst a challenging economic environment.
- The divestment of non-core assets which contributed $3.4 million in other income.
- Ongoing disruption to domestic and global supply chains and operations, increased freight and distribution costs, widespread and worsening inflationary pressures on key business inputs and costs, a material increase in labour costs and volatility in foreign exchange rates also affected the Group, with these pressures impacting primarily the profit businesses.

As in prior years, the first half results are not expected to reflect the proportional full year results of the Group, as the second half of the year will be positively influenced by seasonal factors and consumption habits during festive periods

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 2021: 30.44%)

Controlled Entities

In July 2022, Ricegrowers Limited, in collaboration with AgriFutures Australia and the Ricegrowers' Association of Australia, has established Rice Breeding Australia and became a member of the Company (33.33% - each party holding an equal part).

There have been no other changes in controlled entities in the six months period to 31 October 2022.

Other Information Required

Please refer to the attached Interim Financial Report and the 2022 Annual Report for other information required.

Interim Financial Report

For The Half Year Ended 31 October 2022

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 2022.

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 (Deputy Chairman)
L Catanzaro
AJ Crane
ID Glasson
IR Mason
JJ Morton
LK Vial
JL Zanatta

2. Company Secretary

K Cooper

3. Review of operations

The SunRice Group overview

Key drivers of performance and global context

The SunRice Group delivered strong results in the first half of Financial Year 2023 (1H FY2023[1]), with revenue of $758.0 million, up 34%, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $42.6 million, up 16% and Net Profit After Tax (NPAT) of $19.6 million, up 17% on the prior corresponding period (1H FY2022).

This pleasing outcome was the result of various initiatives implemented to support the SunRice Group's growth ambition and reinforce the Group's earnings in uncertain times, which included:

- The improved availability of rice in the Riverina, with the CY22 crop being more than 50% larger than the CY21 crop. This supported strong sales volumes in key premium markets (including Australia, New Zealand and the Middle East) and enabled the Group to supply new markets which have been affected by drought, particularly in Europe. The resulting uplift in the Rice Pool business' revenue is expected to translate into a favourable CY22 Paddy Price, which has also benefited B Class Shareholders in the form of improved profitability in the Corporate segment in 1H FY2023 through the delivery of an additional $2.2 million in Brand and Asset Financing charges.

- Sales price increases across most of the Group's segments and product categories, in response to the escalating cost base. These were complemented by favourable changes in product mix in some markets, particularly the U.S., where the SunRice Group focused on supplying branded packed rice for consumers instead of the lower value bulk export business.

- The continued recovery of the CopRice business, which was able to increase its market share, grow volumes, improve its product mix and navigate the complexity of its product portfolio. Abundant pasture and harvested reserves from successive La Nina events in Eastern Australia, however, continue to constrain demand for supplementary feed.

- The impact of the Pryde's EasiFeed acquisition in January 2022, which contributed an additional $17.7 million of revenue to the Group in 1H FY2023.

- The ongoing recovery of key Pacific markets where the SunRice Group was able to grow volumes, amidst a challenging economic environment.

- The divestment of non-core assets which contributed $3.4 million in other income.

The improvements in both revenue and profitability in 1H FY2023 are testament to the strength of the Group's brands and market positioning, especially as consumer spending is currently impacted by the high inflationary environment. This improvement also further validates the various organic and inorganic strategic growth initiatives delivered across the SunRice Group over the last few years, which allowed the Group (particularly the Profit Businesses) to be better prepared to withstand some of the challenges that have affected other industries and companies during 1H FY2023, notably:

- Ongoing disruption to domestic and global supply chains and operations, which have made the sourcing and shipping of products more complex and costly and which is evident from the $58.9 million (108%) increase in freight and distribution costs during 1H FY2023. The Group faced challenges in availability of pallets, food-grade container space and vessels, as well as from labour shortages and absenteeism, which created delays for the Group's operations and value chain. Repeated COVID-19 lockdowns in China also affected the Group's ability to supply rice to key Pacific markets. The Group's business units continued to work with both their supply chain and distribution partners to limit the impact of, and partially recover, these additional costs in the form of increased sales prices, albeit with a time lag.

- Widespread and worsening inflationary pressures on key business inputs and costs. These included the rise in energy costs, (particularly in Europe where the Riviana Foods segment sources a significant portion of its product range), the spike in wheat pricing and supply issues resulting from circumstances such as the Ukraine conflict, drought conditions in certain sourcing countries and local manufacturing constraints.

- General inflation in the economies in which the SunRice Group operates, which drove a material increase in labour costs in 1H FY2023. These costs were magnified by the Group's ongoing investment in employee value proposition initiatives to retain and attract talent in a highly volatile employment market, such as recruitment drives, incentive and retention programs, which added circa $2 million in costs in 1H FY2023.

[1] Unless otherwise stated, all disclosures in this report relate to the Financial Half Year ended 31 October 2022 (1H FY2023 or the current period) with the prior corresponding period relating to the Financial Half Year ended 31 October 2021 (1H FY2022). Crop Year 2022 or CY22 refer to the Australian rice crop harvested in 2022 and which is being marketed during the year ending 30 April 2023 (FY2023), while Crop Year 2021 or CY21 refer to the Australian rice crop harvested in 2021 and marketed during the year ended 30 April 2022 (FY2022).

- Volatility in foreign exchange rates, in particular the weakening of the AUD (and to a lesser extent some of the Pacific currencies for which no hedging opportunities currently exist) against the USD. This foreign exchange trend was unfavourable during 1H FY2023 for the Group's import-focused businesses such as the Rice Food segment, Riviana Foods and some international subsidiaries. Conversely, the situation was favourable to revenue generated from the Rice Pool business' exports, helping to underpin the Paddy Price outlook for CY22. These foreign exchange movements also positively affected the translation of the results of the Group's foreign operations.

Other operating expenses

The increase in Australian rice production in CY22, together with inflationary pressures, drove an increase in most expense categories in the Group's consolidated income statement in 1H FY2023. These costs included raw materials & consumables used, employee benefits, contracted services, freight & distribution, insurance and repairs & maintenance. The increased production also affected energy costs where the year-on-year increase was heightened by the higher moisture content in the CY22 crop, which required more aeration than the CY21 crop processed in the prior period.

Finance costs reflect the impact of rising interest rates compounded by the increase in net debt driven by the larger CY22 crop and the seasonal factors discussed in the *Balance sheet items* commentary on page 6.

Advertising and artwork costs increased in line with the revenue growth, allowing for continuous investment in promotional and marketing activities to support innovation as well as the strength and growth of the SunRice Group's brands.

Travel costs increased as employee travel progressively resumed as the world re-opened post COVID-19, facilitating the re-engagement in key stakeholder relationships both internally and externally.

Effective tax rate

The Group's effective tax rate for 1H FY2023 was 18%, compared to 21% for 1H FY2022. This rate continues to reflect the blended nature of the Group's local and international operations and was influenced by improved profitability in certain overseas jurisdictions where previously unrecognised tax losses have been utilised during 1H FY2023.

Interim dividend

The SunRice Board declared a fully franked interim dividend of 10 cents per B Class Share on 15 December 2022.

Seasonality

As in prior years, the first half results are not expected to reflect the proportional full year results of the Group, as the second half of the year is expected to be positively influenced by seasonal factors and consumption habits during festive periods. As previously mentioned, while 1H FY2023's results were supported by the effect of sales price increases, these were enacted with a certain time lag inherent to the negotiation process with distributors and retailers while underlying cost inflation impacted the Group at an earlier point. It is expected that these price increases will be fully realised in the second half of the year (subject to sales volumes not being adversely affected). Further details are available in Our Outlook on page 7.

Sustainability

During 1H FY2023, the SunRice Group continued to make progress against its Sustainability Strategy, notably in relation to the Group's climate resilience agenda. Key highlights for the half year include:

- The establishment of Rice Breeding Australia Ltd, with Ricegrowers Limited, AgriFutures Australia and the Ricegrowers' Association of Australia as members. This company's mandate is to accelerate the breeding and commercialisation of new rice varieties and to increase water productivity in line with the industry's aspirational target of producing 1.5 tonnes of rice per megalitre of water within five years. The outcomes are expected to enhance yields and returns to growers, while also contributing to the Group's water productivity and climate resilience goals.

- In an industry first, the SunRice Group has partnered with the Australian Centre for International Agricultural Research (ACIAR), to support rice growers throughout the Mekong Delta region of Vietnam. The new initiative, the Australia Vietnam Mekong Delta Sustainable Rice Value Chain Project, will connect smallholder rice-growing communities to high-value international markets and provide Vietnamese farmers with economic incentives to sustainably grow higher-value rice. Once delivered, this enhanced economic engagement strategy should allow the SunRice Group to further diversify its supply of high-quality rice to meet growing global demand for its branded products.

- In collaboration with OpenSC and Rabobank, the SunRice Group completed a feasibility study and proof-of-concept to measure and expand the positive impact of Riverina rice growing practices that reduce on-farm greenhouse gas emissions. As this initiative is piloted, it should provide science-based verification of Australia's lower rice-growing emissions and increase adoption of low-carbon growing practices, with a view to expanding into other countries to increase its impact.

- The implementation of the SunRice Group's refreshed Community Investment Strategy has seen an important shift across the Group in elevating engagement with the communities in which it operates. Pleasingly, this refreshed strategy has resulted in increased employee volunteering as the SunRice Group identifies further areas in which to support these communities.

Segment performance

Revenue from continuing operations	1H FY2023 $000's	1H FY2022 $000's	Variance $000's	%
Rice Pool	145,787	89,941	55,846	62%
Profit Businesses	609,997	473,365	136,632	29%
International Rice	*334,772*	*253,741*	*81,031*	*32%*
Rice Food	*55,824*	*53,830*	*1,994*	*4%*
Riviana	*107,332*	*97,259*	*10,073*	*10%*
CopRice	*112,069*	*68,535*	*43,534*	*64%*
Other revenue	2,185	1,474	711	48%
Total	**757,969**	**564,780**	**193,189**	**34%**

EBITDA	1H FY2023 $000's	1H FY2022 $000's	Variance $000's	%
Rice Pool	-	-	-	-
Profit Businesses	42,620	36,899	5,721	16%
International Rice	*12,888*	*16,800*	*(3,912)*	*-23%*
Rice Food	*4,539*	*3,532*	*1,007*	*29%*
Riviana	*2,110*	*6,673*	*(4,563)*	*-68%*
CopRice	*4,046*	*(2,211)*	*6,257*	*-*
Corporate	*19,037*	*12,105*	*6,932*	*57%*
Total	**42,620**	**36,899**	**5,721**	**16%**

Profit before tax	1H FY2023 $000's	1H FY2022 $000's	Variance $000's	%
Rice Pool	-	-	-	-
Profit Businesses	23,829	21,201	2,628	12%
International Rice	*7,464*	*12,185*	*(4,721)*	*-39%*
Rice Food	*3,535*	*2,587*	*948*	*37%*
Riviana	*1,355*	*5,787*	*(4,432)*	*-77%*
CopRice	*542*	*(4,475)*	*5,017*	*-*
Corporate	*10,933*	*5,117*	*5,816*	*114%*
Total	**23,829**	**21,201**	**2,628**	**12%**

Rice Pool

With approximately 688,000 paddy tonnes, the CY22 crop was the largest in five years and substantially larger than the CY21 crop of 417,000 paddy tonnes. This level of Australian rice production, coupled with positive milling yields, supported strong overhead recovery in the Riverina in 1H FY2023. It also provided the base for higher sales volumes in premium markets both domestically and internationally, especially in the Middle East, and the supply of new international markets which have been affected by drought. Additional opportunities are also expected during the second half of the year, with potential to supply new markets in the U.S. as well as to increase participation in global government tenders.

The improvement in sales volumes was also the result of a gradual rebound in Food Service sales, up 83% on the prior comparative period (when the sector had been affected by lengthy lockdowns), and a comparatively slow start to 1H FY2022 (when the Riverina was exiting two years of severe drought with no carried over inventory to process and sell in the earlier months of the year).

Sales price increases across the segment's product portfolio along with a weakened AUD also contributed to the revenue gains in both domestic and export markets. While generally occurring following a time lag, this pricing uplift helped to partly offset the significant inflationary pressures incurred during the period, particularly in relation to freight and labour costs.

Off the back of this generally positive background and outlook, the Group was able to lift the lower and upper ends of the CY22 Paddy Price range for medium grain Reiziq to a new naturally earned record of $435-$470 per tonne (previously $410-$450 per tonne) with the release of its 1H FY2023 interim financial report.

The Group also welcomed the NSW Government's decision, in April 2022, to extend the rice vesting arrangements for a further five-year period through to 30 June 2027.

International Rice

The International Rice segment experienced strong revenue growth compared to the previous corresponding period. This remarkable achievement was driven by:

- Successful commercial measures in key Pacific markets fuelling volume and revenue growth, against the backdrop of ongoing local competition and a depressed regional economic environment.
- Growth in Middle East markets with additional volumes of Australian rice being distributed through the Group's Middle East subsidiary, once again demonstrating the complementary nature of the Group's A & B Class shareholding structure.
- A favourable change in product mix for the Group's SunFoods subsidiary in the U.S., where lower value export volumes in 1H FY2022 made way for higher value domestic consumer volumes in 1H FY2023.
- Sales price increases across the various segments' markets and product portfolio, in response to the inflationary pressures discussed below.
- The weakening AUD against the USD and the PNG Kina (PGK), which had a positive effect on the translation of the results of the Group's foreign operations.

The resulting significant increase in revenue for the segment compared to 1H FY2022 continues to demonstrate the strength of the Group's multi-origin, multi-market business model and strategy. This has seen the Group build and maintain international supply chains over the years, enabling demand growth even in periods of large Australian rice production. The strength of this sourcing capability is evident from the fact that in 1H FY2023 Ricegrowers Singapore, the trading arm of the Group, grew external revenue by 29% compared to 1H FY2022, servicing 31 markets and sourcing rice from 10 countries outside of Australia.

Despite these gains and continuous focus on cost containment initiatives across its various business units, the International Rice segment faced a number of challenges during 1H FY2023. These contrasting conditions weighed on profitability and included:

- The increase in international rice prices, in part due to availability issues caused by drought in a number of sourcing countries. While trade protectionist measures have not materially impacted 1H FY2023, they have the potential to influence global pricing in the second half.
- The ongoing disruption to local and international supply chains largely caused by COVID-19 and the related escalating freight and other distribution costs over the period.
- The inability to consistently absorb ongoing inflationary pressures and pass on these costs to customers due to standard negotiation timelines, competitive dynamics in end markets, government regulations limiting price increases for staple food and consumer price elasticity.

As discussed in *Our Outlook* on page 7, the International Rice segment remains well placed to take advantage of emerging market dynamics in the second half of the year, especially as drought conditions in a number of global rice growing regions is increasing the risk of undersupply, therefore opening potential new trading opportunities for the SunRice Group.

Rice Food

The Rice Food segment, which operates in both the B2B and B2C value-added markets, continued to focus on innovation and new product initiatives during the period.

Sales price increases across a number of product categories (in particular rice flour and microwave products which are locally produced) contributed to the segment's uptick in performance in 1H FY2023. The segment also gained market share due to competitors experiencing supply shortages on imported products for parts of the current period.

At NPBT level, these impacts were further supported by the returning availability of broken rice in 1H FY2023, whereas the use of a significantly more expensive head rice had been required in flour manufacturing for part of 1H FY2022, as the Group exited the extended drought period with limited stock availability.

The impact of these positive gains was diminished by labour shortages, staff absenteeism and other operational issues linked to delays in raw materials and packaging inputs, which affected the segment's Cakes and Snacks categories in the current period. This tempered the upside achieved in both revenue and profitability for the segment, however Management continues to work on innovation and other initiatives to further unlock growth in this segment.

Riviana Foods

A number of contrasting dynamics affected the performance of the Riviana Foods segment during 1H FY2023. Key positive drivers included:

- Volume growth in various product categories, in particular bakery (with volumes up 13% compared to 1H FY2022), supported by successful promotional and in-store activities as well as the ranging of additional products in major retailers. This was a positive achievement in the context of retailers seeking a rationalisation of their product and brand offering during the period. The growth in these categories, which primarily stems from the FY2021 acquisition of KJ&Co, further demonstrates the benefits and relevance of the strategic growth initiatives implemented by the business over the past few years. It is also particularly pleasing given the number of products in these categories that are currently being impacted by the inflationary environment which weighs on consumer spending.

- The ongoing recovery of the Food Service sector (with revenue up 26% in 1H FY2023), which was impacted by lockdowns in NSW and Victoria in the prior corresponding period. Riviana also gained market share due to other suppliers experiencing supply shortages for parts of the period.

- Sales price increases across the product portfolio in 1H FY2023.

These solid gains supported a 10% uplift in the segment's revenue. However, Riviana Foods faced several major challenges during 1H FY2023, which prevented the growth in revenue to convert into profit. Challenges included:

- The sharp and rapid rise in the cost of imported products, primarily driven by the weakening AUD against the USD (although this was partly offset by a generally stronger AUD against the EUR) compared to 1H FY2022.

- The rise in European energy costs and availability issues in part driven by the ongoing conflict in Ukraine and other operational issues faced by numerous overseas suppliers. This was compounded by the spike in wheat prices as well as global and local shortages in some raw materials and packaging items, which impacted production and on-shelf availability for some of the segment's range in 1H FY2023.

- The ongoing systemic disruption to the global shipping industry primarily caused by COVID-19 and the related escalating freight, fuel and other distribution costs over the period. In particular, demurrage costs escalated at the beginning of 1H FY2023 due to labour shortages and the logistics bottlenecks associated with the arrival of large amounts of containers in a short space of time - a situation which appears to be heading towards normalisation in 2H FY2023.

- The long lead times between absorbing the previously mentioned inflationary pressures and revisiting in-market sales prices in an attempt to recoup lost margins.

Despite this challenging environment, the Riviana Foods business was able to bolster its onshoring capability during 1H FY2023 with the purchase of the Australian Waffle Company, providing local manufacturing capability in the baked goods category. This strategic acquisition has provided a viable sourcing alternative, which will help to mitigate the impact of increases in the cost base of imported products.

Further onshoring opportunities may be considered by the SunRice Group more broadly moving forward, particularly in the context of the current highly inflationary environment impacting the cost of both imported products and shipping.

CopRice

The acquisition of Pryde's EasiFeed in January 2022 contributed to CopRice's uplift in revenue during 1H FY2023. It is also supporting CopRice's diversification into new geographic regions and increasing its presence in the high value branded equine market. This acquisition highlights the Group's ability to acquire well priced and accretive assets during the bottom of the Australian agricultural cycle.

CopRice was also able to grow volumes across the majority of its product portfolio in 1H FY2023. This growth was driven by the improved availability of rice by-products from the larger CY22 crop as well as the successful actions taken by Management to increase market share in various categories and gain new customers in regions where CopRice is freight advantaged.

The combination of these factors, coupled with sales price increases (particularly on packaged products) to offset the rising cost of inputs and commodities, supported the uplift in both revenue and profitability during 1H FY2023.

This pleasing outcome was delivered despite the ongoing wet weather conditions caused by successive La Nina events in Eastern Australia as well as the diminished market caused by the strong pasture conditions available to farmers. The contracted market in turn continued to drive underutilisation of some of the segment's manufacturing plants and under absorption of overheads, both of which continued to weigh against profitability in 1H FY2023, albeit to a lesser extent than in the prior corresponding period.

CopRice's recovery continued to trend in the right direction due to a number of actions being taken, including capital expenditure, to optimise its cost base and unlock high value markets to further increase volumes, setting a path for further growth.

Corporate

With the improved availability of Riverina rice in CY22 and the corresponding increase in branded sales levels in the Australian Rice Pool Business in 1H FY2023, higher levels of Brand and Asset Financing Charges were received from the Australian Rice Pool Business during 1H FY2023 ($10.7 million combined) compared to 1H FY2022 ($8.5 million). This again demonstrates that a strong Rice Pool business is beneficial to both A and B Class Shareholders.

The Corporate segment's NPBT also includes $3.4 million of income generated on the divestment of non-core assets in the Group during 1H FY2023.

Operating, investing and financing cash flows

The Group continued to exercise financial discipline during 1H FY2023 and to pro-actively manage its net working capital requirements. The decline in cash flow from operations being a net cash outflow of $70.6 million in 1H FY2023, compared to a net cash inflow of $36.1 million in 1H FY2022, remains a natural part of the Group's cycle. The cash outflow in the current period is primarily due to the rebuild of inventory levels following the receipt of a large CY22 Australian crop, while the cash inflow in the prior comparative period was due to the depletion of inventory levels as the Group exited a period of persistent drought conditions and reduced Australian rice production.

Investing cash outflows in 1H FY2023 were $5.9 million compared to $6.8 million in 1H FY2022 and were primarily driven by capital expenditure engaged to maintain core assets and Riviana Foods' acquisition of the Australian Waffle Company, which were partly offset by proceeds from the divestment of non-core assets in the Group.

Financing cash inflows were $80.4 million in 1H FY2023, compared to outflows of $19.2 million in 1H FY2022. This change reflects additional amounts drawn down on the Group's Seasonal Debt facility during the current period to finance the increase in Net Working Capital driven by the dynamics discussed in *Inventory and Amounts Payable to Riverina Rice Growers* below. The 1H FY2023 acquisition of the Australian Waffle Company was also financed entirely through existing cash reserves and available financing facilities.

Balance sheet items

Net debt, gearing and other key metrics

Net Debt of $297.5 million and Gearing of 36% at 31 October 2022 both increased from $197.8 million and 28% respectively compared to 30 April 2022.These significant increases reflect an underlying increase in Net Working Capital[1] from $366.9 million at 30 April 2022 to $479.9 million at 31 October 2022. This increase (the quantum of which is magnified by the large crop harvested in CY22) is common for the Group when comparing the October balance sheet with its equivalent as at 30 April, because amounts payable to Riverina rice growers are generally paid down more quickly than the underlying inventory which they relate to is being sold. Further details on the key drivers of change in Net Working Capital are provided in *Inventory and Amounts Payable to Riverina Rice Growers* below.

The Group's leverage ratio[2] and the Group's Return on Capital Employed[3] were 3.1x and 8.5% at 31 October 2022 respectively, compared to 2.2x and 9.3% at 30 April 2022. This deterioration in both ratios directly correlates to the increase in Net Debt (primarily attributable to an increase in Seasonal Debt) and Net Working Capital discussed previously. Due to the usual differences in the timing of utilising Inventory and paying Riverina rice growers throughout the year, Leverage is also generally higher at the half year than year end, while ROCE is consequentially generally lower.

Amounts drawn down on the Core Debt facility only increased by $8.5 million between 30 April 2022 and 31 October 2022.

Banking facilities and covenants

Core and Seasonal debt facilities remained unchanged during 1H FY2023. The Group continued to comply with all of its banking covenants throughout the reporting period.

Inventory and Amounts Payable to Riverina Rice Growers

Inventory levels across the Group were fuelled by a portion of the CY22 crop being received after 30 April 2022, as well as a general building up of stock levels ahead of the festive period in some markets. Furthermore, ongoing supply chain disruption drove an increase in safety stock levels in other markets, and the previously mentioned inflationary pressures (including foreign exchange) on the cost of raw materials also drove an increase in the value of inventory on hand. These factors resulted in Inventory of $600.6 million at 31 October 2022, an increase of $75.6 million compared to 30 April 2022.

Conversely, Amounts Payable to Riverina rice growers decreased by $50.3 million to $149.9 million at 31 October 2022, as payments for the CY22 crop were progressively made, at a rate which was faster than the underlying sale of the rice they related to.

As previously mentioned, these historically consistent seasonal trends weighed on a number of balance sheet and cash flow metrics at 31 October 2022 but are expected to normalise on a full year basis.

Capital management

The Group continues to maintain a responsible approach to its investment, divestment, and corporate development strategy to acquire value accretive businesses and monetise non-core assets. Despite the current depressed environment, the Group successfully acquired the Australian Waffle Company for $1.8 million and was also able to divest a number of non-core assets which generated $3.4 million of profit before income tax, demonstrating discipline in the active and dynamic management of the Group's capital.

In addition, and as part of the Group's commitment to consistently deliver value to B Class Shareholders, a fully franked interim dividend of 10 cents per B Class Share was declared on 15 December 2022.

[1] Calculated as Current Receivables plus Inventory plus Tax Receivable less Current Payables less Amounts Payable to Riverina Rice Growers less Current Tax liabilities.

[2] Calculated as Net Debt divided by EBITDA (on a twelve month rolling basis at half year).

[3] ROCE – calculated as Profit Before Income Tax and Interest (on a twelve month rolling basis at half year) divided by Net Assets excluding Cash and Borrowings).

Our outlook

The strong revenue growth achieved in 1H FY2023 is expected to continue into the second half of the year, supporting strong Paddy returns in the Rice Pool Business and profitability in the Profit Businesses, in particular as the sales price increases implemented during the first half are expected to be fully realised, subject to sales volumes not being adversely affected.

Underlying operational and inflationary pressures which are underpinned by the various macro economic factors previously discussed are expected to continue in the near term and to primarily affect the Profit Businesses. However, various shipping indices are indicating that global shipping rates are beginning to plateau and recent market updates from major shipping companies also suggest that a reduction in rates is likely to accelerate in 2H FY2023. While the exact timing and quantum of any reduction in freight and distribution costs remains to be seen (and is not expected to revert to pre COVID-19 levels in the short term), there could be some relief from these pressures heading into the back end of the financial year as well as into FY2024.

The combination of the increased availability of Australian rice stemming from the large CY22 crop and secured global supply sources, positions the SunRice Group favourably to take advantage of any under supply in key markets currently impacted by drought, including the United States. New opportunities to supply rice in markets not currently supplied by the Group, particularly in Europe, have started to emerge and the Group should be able to extend its participation in global tenders in the second half of the year, which will support returns for both the Rice Pool business and International Rice segment.

The planting window for the CY23 crop has now closed, and while it has been disrupted by heavy rainfalls and floods across the Riverina, the Group is expecting ample Riverina rice supply in CY23. The current water outlook is also pointing towards positive growing conditions into CY24. The Group is well positioned to take advantage of these favourable conditions and current global market dynamics to help deliver positive returns to both A and B Class shareholders.

The SunRice Group's diversified portfolio and balance sheet strength will also enable it to consider further expansion opportunities, both organically and through acquisitions, while maintaining its disciplined approach in light of the current underlying macro economic environment.

The Group remains focused on innovation and investment in new product development and promotional and marketing activities to further strengthen the Group's established branded position.

The execution of the Growth Strategy has demonstrated the SunRice Group's long-term approach in positioning the business favourably through its multi-origin, multi-price point global supply chain. Continuing on this path remains a core priority, and the Group's business units are continuing to pursue individual sustainability plans aligned to the execution of this Growth Strategy and the Group's targets and ambitions.

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 8.

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 ASIC Instrument 2016/191.

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

15 December 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2022, 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 15 December 2022

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Consolidated Income Statement

For the half year ended 31 October

	Note	Half year October 2022 $000's	Half year October 2021 $000's
Sales revenue	2b	**755,784**	563,306
Other revenue		**2,185**	1,474
Revenue from continuing operations		**757,969**	564,780
Other income	2c	**3,394**	476
Changes in inventories of finished goods		**77,225**	444
Raw materials and consumables used		**(510,913)**	(339,299)
Freight and distribution expenses		**(113,321)**	(54,422)
Employee benefits expenses		**(88,986)**	(73,438)
Depreciation and amortisation expenses		**(13,887)**	(12,822)
Finance costs		**(5,007)**	(2,971)
Other expenses	2d	**(82,645)**	(61,547)
Profit before income tax		**23,829**	21,201
Income tax expense		**(4,278)**	(4,475)
Profit for the half year		**19,551**	16,726

Profit for the half year is attributable to:			
Ricegrowers Limited shareholders		**17,685**	16,848
Non-controlling interests		**1,866**	(122)
		19,551	16,726

Earnings per B Class Share for profit attributable to B Class Shareholders			
Basic earnings (cents per B Class share)	2e	28.3	27.5
Diluted earnings (cents per B Class Share)	2e	28.1	27.4

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

	Half year October 2022 $000's	Half year October 2021 $000's
Profit for the half year	**19,551**	16,726
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	**(15,600)**	2,070
Exchange differences on translation of foreign operations	**17,017**	5,404
Income tax relating to items of other comprehensive income	**4,829**	(613)
Other comprehensive income for the half year, net of tax	**6,246**	6,861
Total comprehensive income for the half year	**25,797**	23,587
Total comprehensive income for the half year is attributable to:		
Ricegrowers Limited shareholders	**21,554**	23,177
Non-controlling interests	**4,243**	410
	25,797	23,587

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

Consolidated Balance Sheet

As at 31 October 2022 and 30 April 2022

	Note	31 October 2022 $000's	30 April 2022 $000's
Current assets			
Cash and cash equivalents		**42,676**	42,599
Receivables		**287,645**	260,036
Inventories		**600,573**	524,950
Current tax receivable		**498**	2,641
Derivative financial instruments		**1,037**	862
Total current assets		**932,429**	831,088
Non-current assets			
Property, plant and equipment		**276,407**	267,629
Investment properties		**2,900**	2,900
Intangible assets		**87,163**	85,680
Deferred tax assets		**14,922**	8,514
Derivative financial instruments		**748**	317
Investments accounted for using the equity method		**2,974**	2,665
Total non-current assets		**385,114**	367,705
Total assets		**1,317,543**	1,198,793
Current liabilities			
Payables		**254,676**	217,672
Amounts payable to Riverina Rice Growers		**149,873**	200,142
Borrowings	3b	**145,319**	125,067
Current tax liabilities		**4,290**	2,953
Provisions		**24,483**	25,437
Derivative financial instruments		**17,242**	1,575
Total current liabilities		**595,883**	572,846
Non current liabilities			
Payables		**1,169**	1,051
Borrowings	3b	**194,904**	115,312
Provisions		**4,501**	4,235
Total non-current liabilities		**200,574**	120,598
Total liabilities		**796,457**	693,444
Net assets		**521,086**	505,349
Equity			
Contributed equity	3c	**148,700**	142,478
Reserves	3d	**(15,201)**	(21,405)
Retained profits		**363,896**	364,828
Capital and resources attributable to Ricegrowers Limited shareholders		**497,395**	485,901
Non-controlling interests		**23,691**	19,448
Total equity		**521,086**	505,349

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

	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 2022	**142,478**	**(21,405)**	**364,828**	**485,901**	**19,448**	**505,349**
Profit for the half year	**-**	**-**	**17,685**	**17,685**	**1,866**	**19,551**
Other comprehensive income	**-**	**3,869**	**-**	**3,869**	**2,377**	**6,246**
Total comprehensive income for the half year	**-**	**3,869**	**17,685**	**21,554**	**4,243**	**25,797**
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	**5,200**	**-**	**-**	**5,200**	**-**	**5,200**
Share based payments - Issue of shares to employees	**1,022**	**(1,022)**	**-**	**-**	**-**	**-**
Share based payments - Value of employee services	**-**	**3,357**	**-**	**3,357**	**-**	**3,357**
Dividends distributed	**-**	**-**	**(18,617)**	**(18,617)**	**-**	**(18,617)**
	6,222	**2,335**	**(18,617)**	**(10,060)**	**-**	**(10,060)**
Balance as at 31 October 2022	**148,700**	**(15,201)**	**363,896**	**497,395**	**23,691**	**521,086**

	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**

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

	Half year October 2022 $000's	Half year October 2021 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**758,402**	578,971
Payments to suppliers (inclusive of goods and services tax)	**(574,648)**	(389,300)
Payments to Riverina Rice Growers	**(162,325)**	(76,499)
Payments of wages, salaries and on-costs	**(85,958)**	(71,388)
Interest received	**103**	95
Interest paid	**(4,516)**	(2,819)
Income taxes paid	**(1,705)**	(2,913)
Net cash (outflow) / inflow from operating activities	**(70,647)**	36,147
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	**(7,940)**	(6,850)
Payments for acquisition of business	**(1,820)**	-
Proceeds from sale of property, plant and equipment	**3,894**	25
Net cash outflow from investing activities	**(5,866)**	(6,825)
Cash flows from financing activities		
Proceeds from borrowings	**370,618**	228,601
Repayment of borrowings	**(274,365)**	(230,938)
Principal element of lease	**(1,967)**	(1,647)
Dividends paid to the company's B Class shareholders	**(13,892)**	(15,207)
Net cash inflow / (outflow) from financing activities	**80,394**	(19,191)
Net increase in cash and cash equivalents	**3,881**	10,131
Cash at the beginning of the half year	**28,258**	23,536
Effect of exchange rate changes on cash and cash equivalents	**1,519**	566
Cash and cash equivalents at the end of the half year	**33,658**	34,233

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	**42,676**	40,837
Deduct bank overdraft	**(9,018)**	(6,604)
	33,658	34,233

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 2022

1. Basis of preparation of half year report

This consolidated interim financial report for the half year reporting period ended 31 October 2022 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 2022 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*.

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

New or amended standards that became applicable to the Group for the current reporting period did not require the Group 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 2022 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 7.

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 Group profitability and 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:

- The Global Trading arm of the Group (Ricegrowers Singapore), which sources and sells 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 and Ricegrowers Vietnam 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 (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, local manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and microwave meals, both in domestic and global markets.

This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips and Microwave Rice 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 special occasions food products to retail and food service customers in Australia and export markets.

CopRice

The manufacture (in both Australia and New Zealand) 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 used by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands (Brand Charges) and access to milling, packing, storage and warehousing assets (Asset Financing Charges). It also captures income and cost items 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 which can form part of other segments of the Group. To provide a more representative view of the underlying activities of this segment, the reported contributed Net Profit Before Tax 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 2022:

	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	205,911	335,179	55,824	107,565	112,069	25,043	841,591
Inter-segment revenue	(60,124)	(407)	-	(233)	-	(25,043)	(85,807)
Revenue from external customers	145,787	334,772	55,824	107,332	112,069	-	755,784
Other revenue							2,185
Total revenue from continuing operations							757,969
Contributed EBITDA	-	12,888	4,539	2,110	4,046	19,037	42,620
EBITDA							42,620
Contributed Net Profit Before Tax	-	7,464	3,535	1,355	542	10,933	23,829
Profit before income tax							23,829

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

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

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 2022 $000's	Half Year October 2021 $000's
EBITDA prior to Brand and Asset Financing charges	31,871	28,372
Brand and Asset Financing charges earned *	10,749	8,527
Total EBITDA	42,620	36,899
Finance costs - net	(4,904)	(2,876)
Depreciation and amortisation expense	(13,887)	(12,822)
Profit before income tax	23,829	21,201

*The Corporate segment earns a brand charge and an asset financing charge from the Rice Pool. In the current and prior reporting periods, these charges were fully absorbed by the Rice Pool and contributed to the naturally determined Paddy Price. The corresponding income is reflected in the Corporate segment and resulted in a net benefit to the Group Net Profit Before Tax (31 October 2022: $10,749,000 and 31 October 2021: 8,527,000).

b. Revenue

	Half Year October 2022 $000's	Half Year October 2021 $000's
Sales revenue		
Sale of goods - recognised at a point in time	**755,784**	563,306
Other revenue		
Interest received	**103**	95
Other sundry items	**2,082**	1,379
Total revenue from continuing operations	**757,969**	564,780

c. Other income

	Half Year October 2022 $000's	Half Year October 2021 $000's
Net gain on disposal of property, plant and equipment	**3,394**	29
Net foreign exchange gains	**-**	447
Total other income	**3,394**	476

d. Expenses

Profit before income tax includes the following expense items:

	Half Year October 2022 $000's	Half Year October 2021 $000's
Other expenses		
Contracted services	**15,762**	13,386
Advertising and artwork	**14,838**	12,657
Energy	**13,136**	6,322
Repairs and maintenance	**7,261**	5,477
Insurance	**5,382**	4,280
Equipment hire and other rental expenses (not qualifying as leases)	**5,235**	5,643
Motor vehicle and travelling expenses	**4,486**	1,693
Staff recruitment	**2,217**	1,730
Internet, telephone and fax	**1,275**	1,326
Research and development	**871**	646
Net foreign exchange losses	**1,687**	-
Other	**10,495**	8,387
Total other expenses	**82,645**	61,547

e. Earnings per B Class Share

	31 October 2022 Cents	31 October 2021 Cents
Basic earnings per B Class Share	**28.3**	27.5
Diluted earnings per B Class share	**28.1**	27.4

Reconciliation of earnings per B Class Share

	31 October 2022 $000's	31 October 2021 $000's
Profit for the half year (attributable to Ricegrowers Limited B Class Shareholders)	**17,685**	16,848
Weighted average number of B Class shares for Basic earnings per B Class share	**62,397**	61,321
Adjustment for dilutive B Class Share Rights	**600**	143
Weighted average number of B Class shares adjusted for the effect of dilution	**62,997**	61,464

f. Net tangible assets per B Class Share

	31 October 2022	31 October 2021
Net tangible asset backing per B Class Share	**$6.91**	$6.70

3. Capital and financial risk management

a. Dividends

On 23 June 2022, a fully franked final dividend of 25 cents per B Class Share and a special dividend of 5 cents per B Class Share (combined value of $18,617,000) were declared for the year ended 30 April 2022. An amount of $13,892,000 was paid on 29 July 2022, with the residual amount of $4,725,000 being issued in ordinary B Class Shares under the company's dividend reinvestment plan (see note 3c).

Since the end of the half-year, the directors have recommended the payment of an interim dividend of 10 cents per B Class Share (2021 – 10 cents), 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 2022, but not recognised as a liability at the end of the half-year, is $6,278,000.

b. Borrowings

	31 October 2022 $000's	30 April 2022 $000's
Current - Secured		
Bank overdrafts	**9,018**	14,341
Bank loans - Seasonal debt	**130,908**	107,828
Net accrued interest and capitalised borrowing costs	**9**	(284)
Lease liabilities	**5,384**	3,182
Total borrowings	**145,319**	125,067
Non current - Secured		
Bank loans - Seasonal and Core debt	**177,843**	104,670
Net accrued interest and capitalised borrowing costs	**6**	(317)
Lease liabilities	**17,055**	10,959
Total borrowings	**194,904**	115,312
Total borrowings	**340,223**	240,379

The Group manages its cash and borrowings on a net basis.

At 31 October 2022, the Group had total borrowings of $340,223,000 (30 April 2022: $240,379,000) and $42,676,000 (30 April 2022: $42,599,000) in cash and cash equivalents.

At 31 October 2022, Net Debt was $297,547,000 (30 April 2022: $197,780,000).

Significant terms and conditions of bank facilities

At 31 October 2022, the terms of the Seasonal bank facility (including trade finance and transactional banking facilities) remain unchanged compared to 30 April 2022 ($305,000,000). The trade finance and transactional banking component of the facility ($105,000,000) remained as an uncommitted facility.

At 31 October 2022, the Core bank facility remained unchanged compared to 30 April 2022 at $220,000,000, with a first tranche of $100,000,000 maturing in April 2023 and a second tranche of $120,000,000 maturing in April 2024.

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 32,665,000) 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 only by Riverina rice growers who meet the production quotas prescribed by the SunRice Constitution. A Class Shares are not classified as equity.

At 31 October 2022, 623 A Class Shares were on issue (30 April 2022: 420).

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.

Movement in ordinary B Class Shares

Date	2022 Number of shares	2021 Number of shares	2022 $000's	2021 $000's
Balance at 1 May	**61,946,975**	**60,789,748**	**142,478**	**134,561**
Issue under Dividend Reinvestment Plan	634,697	696,952	4,725	4,895
Issue under Employee Share Scheme - purchased shares	64,155	43,881	475	451
Issue under Employee Share Scheme - shares offered for no consideration	25,726	25,165	189	205
Issue under the Employee Long Term Incentive Plan	110,340	147,426	833	837
Balance at 31 October	**62,781,893**	**61,703,172**	**148,700**	**140,949**

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 no discount (2021: 1.5% discount) to the prevailing weighed average 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 component 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.

In 2021, B Class Shares required for the vesting of the Company's CEO Long Term Incentive Plan had been 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 2022 $000's	30 April 2022 $000's
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(7,175)**	(21,815)
Hedging reserve - cash flow hedges	**(10,502)**	297
Transaction with non-controlling interests	**(7,956)**	(7,956)
Share-based payment reserve	**5,515**	3,152
Total reserves	**(15,201)**	(21,405)
Retained profits	**363,896**	364,828

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:

Recurring fair value measurements	31 October 2022 Level 2 $'000	31 October 2022 Level 3 $'000	31 October 2022 Total $'000	30 April 2022 Level 2 $'000	30 April 2022 Level 3 $'000	30 April 2022 Total $'000
Assets						
Investment property	**-**	**2,900**	**2,900**	-	2,900	2,900
Derivatives used for hedging						
- Foreign exchange contracts	**975**	**-**	**975**	494	-	494
- Interest rate swaps	**810**	**-**	**810**	685	-	685
Total assets	**1,785**	**2,900**	**4,685**	1,179	2,900	4,079
Liabilities						
Derivatives used for hedging						
- Foreign exchange contracts*	**17,242**	**-**	**17,242**	1,575	-	1,575
Total liabilities	**17,242**	**-**	**17,242**	1,575	-	1,575

* At 31 October 2022, the balance represents contracts taken in relation to forecasted sales of Australian rice in FY2024 to be generated from the CY23 crop which has just been planted. This balance has been magnified by the volatility in exchange rates between the time the contracts were taken and the balance date of 31 October 2022.

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 2022 $000's	30 April 2022 $000's
Letters of credit	**2,157**	3,400
Guarantee of bank advances	**8,977**	10,793
Total contingencies	**11,134**	14,193

At 31 October 2022, the Group does not expect any material adverse outcome from any open or pending cases.

4. Group structure

a. Business combination

Australian Waffle Company

In July 2022, SunRice's subsidiary, Riviana Foods Pty Ltd, completed the acquisition of The Australian Waffle Company for a total cash consideration of $1,820,000. This strategic acquisition is providing local manufacturing capability in the baked goods category and a viable sourcing alternative helping to mitigate the impact of increases in the cost base of imported products.

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

	$000's
Inventory	63
Property, Plant and Equipment	1,032
Identifiable net assets acquired	1,095
Add: Goodwill	725
Net assets acquired	1,820

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

5. 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 (in particular the interim dividend noted in note 3a) 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 9 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 2022 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

15 December 2022

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 2022, the consolidated income statement, 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 2022 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.

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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 and fair view of the Group's financial position as at 31 October 2022 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
15 December 2022