FORM: Half yearly

Name of *issuer*

Ricegrowers Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year ('Current period')
55 007 481 156	✓		31 October 2016

Results for announcement to the market

				$A,000
Revenue	**Down**	**11.5%**	**to**	**568,324**
Profit for the period (after tax)	**Down**	**13.2%**	**to**	**20,750**
Profit after tax for the period attributable to members of Ricegrowers Limited	**Down**	**3.9%**	**to**	**21,084**

Commentary on results for the period

SunRice's consolidated revenue for the Group in HY17 was $568.3 million, a 11.5% decrease compared to the previous corresponding period ending 31 October 2015 (HY16), driven by challenging global and domestic conditions, which included: the global oversupply of rice causing continued and significant price pressure; weakening economies and currency devaluations in key markets; and the reduced Riverina rice harvest in 2016 (C16: 244,000 tonnes).

Net Profit After Tax (NPAT) in HY17 was $20.8 million, a 13.2% decrease compared to HY16. NPAT was positively impacted by 'one-off' items related to provision and impairment reversals.

Rice Pool business: Buying Riverina rice at a commercial price of $415 per tonne (Reiziq), combined with the lower C16 crop resulted in the shortfall of $15.6 million. This outcome was forecast in October 2015 when the price was guaranteed for growers for the C16 crop, in order to incentivise production and ensure continuity of supply of Australian rice in the context of water scarcity.

International Rice business: This segment achieved 4% uplift in NPBT on flat revenue growth. Increased globally traded volume and a return to profitability by SunFoods (SunRice's wholly owned US business) were offset by challenging economic and trading conditions across several key markets. This was especially highlighted in Papua New Guinea (PNG), where a weak economy and devaluing currency (the Kina has reduced by almost 10% since October 2015) undermined our brands' traditional pricing power and attracted growing competition. We continue to maintain a close watch on PNG issues, including: the risk that a sudden further Kina devaluation would considerably reduce trading margins; ongoing Kina liquidity; and political developments regarding the possible implementation of an import quota.

Rice Food business: This segment posted revenue growth of 9% and NPBT growth of 351%. Overall, improved volumes and revenue combined with increased manufacturing efficiencies resulted in a considerable profit uplift. Most notably, Rice Cakes experienced positive manufacturing performance and cost savings, while Microwave Rice experienced continued strong sales growth.

CopRice segment: Challenges in the dairy industry, coupled with good pasture due to favourable weather have resulted in reduced demand for supplementary feed and lower revenues.

Riviana segment: Continued competition in Foodservice, delays in the Always Fresh brand relaunch and competition within key retail accounts impacted volumes during the period.

Asset Finance segment: The positive NBPT result was largely driven by a 'one-off' item due to the acquisition of SunFoods minority shareholders resulting in the release of a dispute settlement provision.

'One-Off' Items

There was a net positive impact of $3.5 million from 'one-off' items on NPAT. Positive 'one-off' items included the reversal of a dispute settlement provision related to SunFoods minority shareholders and the reversal of a previous impairment charge due to improved performance of a Riviana division. These were partially offset by an impairment charge related to the Brandon Mill operation in North Queensland.

Dividends	Current period	Previous corresponding period
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 2016.		

Details of associates and joint venture entities

Trukai Industries Limited, who are 66.23% owned by Ricegrowers Limited, have the following associate:

Name of associate or joint venture

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

Reporting entities percentage holding

Pagini Transport 28.85% (31 October 2015: 28.85%)

Controlled entities

No control was gained or lost over controlled entities during the period.

NTA Backing ($)	Current period	Previous corresponding period
Net tangible asset backing per ordinary *security*	6.82	6.50

Interim financial report for the half year ended

31 October 2016

Ricegrowers Limited & Controlled Entities

ABN 55 007 481 156

Contents

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 2016.

1. Directors

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

LJ Arthur
NG Graham
G Andreazza
R Gordon
GL Kirkup
GF Latta AM
DM Robertson
LK Vial
J Bradford
I Glasson

2. Company Secretary

M Del Gigante

3. Principal activities

The principal activities of Ricegrowers Limited and its controlled entities consist of receival and storage of paddy rice, milling of rice, manufacture of rice based products, marketing and selling of rice and grocery products and research and development into the growing of rice.

4. Consolidated entity result

The consolidated profit before income tax of the Group for the interim period amounted to $26,553,000 (2015: $34,853,000). The net profit of the Group for the period after income tax was $20,750,000 (2015: $23,917,000) and $21,084,000 (2015: $21,932,000) after non-controlling interests.

5. Review of operations

SunRice's consolidated revenue for the Group in HY17 was $568,324,000, a 11.5% decrease compared to the previous corresponding period, driven by challenging global and domestic conditions, which included: the global oversupply of rice causing continued and significant price pressure; weakening economies and currency devaluations in key markets; and the reduced Riverina rice harvest in 2016 (C16: 244,000 tonnes).

Net Profit After Tax (NPAT) in October 2016 was $20,750,000, a 13.2% decrease compared to October 2015. NPAT was positively impacted by 'one-off' items (mainly in relation to the reversal of a provision) and by a lower effective tax rate as a result of previously unrecognised carried forward losses which are now being utilised and difference in overseas tax rate.

Segment Performance

Rice Pool: Buying Riverina rice at a commercial price of $415 per tonne (Reiziq), combined with the lower C16 crop, resulted in the shortfall of $15,649,00 of net profit before tax (NPBT). This outcome was forecast in October 2015 when the price was guaranteed for growers for the C16 crop, in order to incentivise production and ensure continuity of supply of Australian rice in the context of water scarcity.

International Rice: This segment achieved 4% uplift in NPBT on flat revenue growth. Increased globally traded volume and a return to profitability by SunFoods (SunRice's wholly owned US business) were offset by challenging economic and trading conditions across several key markets. This was especially highlighted in Papua New Guinea (PNG), where a weak economy and devaluing currency undermined our brands' traditional pricing power and attracted growing competition. We continue to maintain a close watch on PNG issues, including: the risk that a sudden further Kina devaluation would considerably reduce trading margins further; ongoing Kina/USD liquidity; and political developments regarding the possible implementation of an import quota.

Rice Food: This segment posted revenue growth of 9% and NPBT almost quadrupled. Improved volumes and revenue combined with increased manufacturing efficiencies resulted in a considerable profit uplift. Most notably, Rice Cakes experienced positive manufacturing performance and cost savings, while Microwave Rice experienced continued strong sales growth.

CopRice: Challenges in the dairy industry, coupled with good pasture due to favourable weather conditions have resulted in reduced demand for supplementary feed and lower revenues.

Riviana: Continued competition in Foodservice, delays in the Always Fresh brand relaunch and competition within key retail accounts impacted volumes during the period.

Asset Finance: The positive NPBT result was largely driven by a 'one-off' item as a result of the acquisition of SunFoods minority shareholders and the release of a dispute settlement provision.

Directors' Report (continued)

5. Review of operations (continued)

"One-Off" Items

There was a net positive impact of $3,530,000 from 'one-off' items on the net profit after tax. Positive 'one-off' items included the reversal of a dispute settlement provision related to SunFoods minority shareholders and the reversal of a previous impairment charge due to improved performance of a Riviana division, which were partially offset by an impairment charge related to the Brandon Mill operation in North Queensland.

In September 2016 the Group purchased the non-controlling interests of SunFoods LLC (35%) for a consideration of $4,645,000 ($US 3,500,000). In the course of the previous financial year the SunFoods minority shareholders initiated legal proceedings against SunRice seeking compensation for alleged damages. As at 30 April 2016 SunRice recognised a provision representing management's best estimate of a probable settlement of the dispute for $4,710,000 ($US 3,600,000).

During arbitration proceedings this year, SunRice made an offer to purchase the minority shareholders' stake in SunFoods LLC which was accepted and resulted in the minority shareholders withdrawing their claim. This withdrawal resulted in the reversal of the dispute settlement provision in the current financial year (included in Other expenses).

The acquisition of additional shares in SunFoods LLC is shown in the financial statements as a transfer of equity between non-controlling interests and the reserves attributable to Ricegrowers Limited

PNG development

SunRice has, for several years, been monitoring the potential implementation of the National Rice Policy in PNG. Trukai Industries Ltd (Trukai), a 66% owned subsidiary of SunRice, has a considerable market presence in PNG and until recently, SunRice had previously relied upon commitments made by the PNG Government that Trukai would not be disadvantaged by any implementation of the Policy, including through the introduction of a restrictive import quota system.

Given the present uncertain and dynamic political and economic landscape in PNG, Trukai could be adversely affected by the implementation of the National Rice Policy or associated measures, and SunRice continues to investigate and assess the full extent of the repercussions on Trukai's business. In particular, Trukai and SunRice are assessing how they could work collaboratively with the PNG Government to assist in the development of large-scale rice farming, to help satisfy the rice policy whilst maintaining a free and open market.

6. Dividends

A final dividend of $18,401,589 was declared on 21 June 2016 for the year ended 30 April 2016 and paid on 29 July 2016.

7. Events subsequent to the balance sheet date

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

The implementation of the National Rice Policy in PNG and its implication on Trukai's business are still uncertain and the Group continues to monitor the developments of this matter.

8. 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 20.

9. 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. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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 2016

Consolidated income statement
For the half year ended 31 October 2016

	Note	Half year October 2016 $000's	Half year October 2015 $000's
Sales revenue	3	**566,305**	640,307
Other revenue	3	**2,019**	1,898
Revenue from continuing operations		**568,324**	642,205
Other income	4	**162**	457
Changes in inventories of finished goods		**18,750**	33,766
Raw materials and consumables used		**(374,351)**	(424,267)
Freight and distribution costs		**(53,725)**	(76,207)
Employee benefits expense		**(61,828)**	(62,535)
Depreciation and amortisation expenses		**(10,856)**	(10,723)
Finance costs		**(6,319)**	(6,435)
Asset impairment reversal	5	**102**	-
Other expenses	6	**(53,706)**	(61,408)
Profit before income tax		**26,553**	34,853
Income tax expense	7	**(5,803)**	(10,936)
Profit for the half year		**20,750**	23,917
Profit for the half year is attributable to:			
Ricegrowers Limited shareholders		**21,084**	21,932
Non-controlling interests		**(334)**	1,985
		20,750	23,917
Earnings per share for profit attributable to B class shareholders			
Basic and diluted earnings (cents per share)	15	**37.8**	39.3

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
As at 31 October 2016

	Half year October 2016 $000's	Half year October 2015 $000's
Profit for the half year	**20,750**	23,917
Other comprehensive income		
Items that may be reclassified to the profit or loss		
Changes in fair value of cash flow hedges	**2,174**	(5,248)
Exchange differences on translation of foreign operations	**1,654**	1,131
Income tax relating to items of other comprehensive income	**(652)**	1,471
Other comprehensive income for the half year, net of tax	**3,176**	(2,646)
Total comprehensive income for the half year	**23,926**	21,271
Total comprehensive income for the half year is attributable to:		
Ricegrowers Limited shareholders	**23,655**	18,997
Non-controlling interests	**271**	2,274
	23,926	21,271

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet
As at 31 October 2016

	Note	31 October 2016 $000's	30 April 2016 $000's
Current assets			
Cash and cash equivalents		**90,207**	120,117
Receivables	8	**138,893**	144,092
Inventories		**335,136**	453,521
Derivative financial instruments		**1,179**	-
Total current assets		**565,415**	717,730
Non-current assets			
Other financial assets		**46**	47
Property, plant and equipment		**217,406**	217,966
Investment properties		**1,150**	1,150
Intangible assets		**11,033**	8,831
Deferred tax assets		**22,358**	23,171
Investments accounted for using the equity method		**1,728**	1,684
Total non-current assets		**253,721**	252,849
Total assets		**819,136**	970,579
Current liabilities			
Payables		**101,027**	119,270
Amounts payable to Riverina Rice Growers		**29,763**	97,991
Borrowings	9	**192,416**	218,007
Current tax liabilities		**738**	22,249
Provisions		**16,661**	22,466
Derivative financial instruments		**3,263**	3,123
Total current liabilities		**343,868**	483,106
Non current liabilities			
Payables		**1,845**	1,834
Amounts payable to Riverina Rice Growers		**-**	13,242
Borrowings	9	**78,962**	79,550
Provisions		**3,354**	2,619
Total non-current liabilities		**84,161**	97,245
Total liabilities		**428,029**	580,351
Net assets		**391,107**	390,228
Equity			
Contributed equity	10	**107,819**	107,819
Reserves	11	**4,040**	9,425
Retained profits		**256,515**	253,833
Capital and reserves attributable to the owners of Ricegrowers Limited		**368,374**	371,077
Non-controlling interests		**22,733**	19,151
Total equity		**391,107**	390,228

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 2016

	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 2016	**107,819**	**9,425**	**253,833**	**371,077**	**19,151**	**390,228**
Profit for the half year	**-**	**-**	**21,084**	**21,084**	**(334)**	**20,750**
Other comprehensive income	**-**	**2,571**	**-**	**2,571**	**605**	**3,176**
Total comprehensive income for the half year	**-**	**2,571**	**21,084**	**23,655**	**271**	**23,926**
Transactions with owners in their capacity as owners:						
Transaction with non-controlling interests	**-**	**(7,956)**	**-**	**(7,956)**	**3,311**	**(4,645)**
Dividends paid	**-**	**-**	**(18,402)**	**(18,402)**	**-**	**(18,402)**
	-	**(7,956)**	**(18,402)**	**(26,358)**	**3,311**	**(23,047)**
Balance as at 31 October 2016	**107,819**	**4,040**	**256,515**	**368,374**	**22,733**	**391,107**

	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 2015	107,819	17,415	219,254	344,488	19,368	363,856
Profit for the half year	-	-	21,932	21,932	1,985	23,917
Other comprehensive income	-	(2,935)	-	(2,935)	289	(2,646)
Total comprehensive income for the half year	-	(2,935)	21,932	18,997	2,274	21,271
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(14,498)	(14,498)	-	(14,498)
Balance as at 31 October 2015	107,819	14,480	226,688	348,987	21,642	370,629

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 2016

	Half year October 2016 $000's	Half year October 2015 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**577,099**	649,697
Payments to suppliers (inclusive of goods and services tax)	**(365,074)**	(397,621)
Payments to growers	**(83,477)**	(206,871)
Payments of wages, salaries and on-costs	**(61,944)**	(64,953)
Interest received	**409**	233
Receipt related to other revenue	**129**	336
Interest paid	**(7,107)**	(6,435)
Income taxes paid	**(27,324)**	(20,110)
Net cash inflow/(outflow) from operating activities	**32,711**	(45,724)
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	**(8,629)**	(11,215)
Acquisition of business	**(2,600)**	-
Transaction with Non-Controlling Interests	**(4,645)**	-
Proceeds from sale of property, plant and equipment	**56**	294
Net cash outflow from investing activities	**(15,818)**	(10,921)
Cash flows from financing activities		
Proceeds from borrowings	**88,206**	184,210
Repayment of borrowings	**(109,261)**	(111,753)
Repayment of finance leases	**(362)**	(220)
RMB equity redemptions	**(4,425)**	(1,294)
Dividends paid	**(18,402)**	(14,498)
Net cash (outflow)/inflow from financing activities	**(44,244)**	56,445
Net decrease in cash and cash equivalents	**(27,351)**	(200)
Cash at the beginning of the half year	**115,067**	65,403
Effect of exchange rate changes on cash	**2,491**	1,863
Cash and cash equivalents at end of the half year	**90,207**	67,066

Reconciliation to cash at end of half year

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

Cash and cash equivalents	**90,207**	67,066
Deduct bank overdraft	**-**	-
	90,207	67,066

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Basis of preparation of half year report

This condensed consolidated interim financial report for the half year reporting period ended 31 October 2016 has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Act* 2001.

This condensed 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 report for the year ended 30 April 2016 and any public announcements made by Ricegrowers Limited during the interim reporting period 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 with the addition of the following policy.

Change in ownership interests without change in control
The Group treats transactions with non-controlling interests that do not result in a loss or gain of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised in a separate reserve account within equity attributable to owners of Ricegrowers Limited.

The interim financial information has been prepared on a historical cost basis, except when assets and liabilities are stated at fair values in accordance with relevant accounting policies.

(a) New and amended standards adopted by the Group

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

(b) Impact of standards issued but not yet applied by the Group

(i) AASB 9 *Financial Instruments* (effective for year ending 30 April 2019)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also sets out new rules for hedge accounting. The standard is expected to have no material effect on the Group's accounting for financial instruments. In general the hedging rules will make it easier to apply hedge accounting going forward as the standard introduces a more principles-based approach.

(ii) AASB 15 *Revenue from contracts with customers* (effective for year ending 30 April 2019)
AASB 15 clarifies that revenue must be recognised when the control of goods or services are transferred to the customer. The standard is expected to have no material effect on the Group's accounting for revenue recognition.

(iii) AASB 16 *Leases* (effective for year ending 30 April 2020)
The new standard will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a corresponding financial liability to pay rentals for almost all lease contracts. Management is currently assessing the effects of applying the new standard on the Group's financial statements.

There are no other standards that are effective for periods beginning on or after 1 May 2016 and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Significant events of the period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- the acquisition of SunFoods minority shareholders resulting in the release in the income statement of a dispute settlement provision of $4,710,000 (note 6 and note 11).
- the acquisition of Fehlbergs Fine Food business (note 18)
- the reversal of Wacol impairment for $1,624,000 (note 5)
- the partial impairment of Brandon mill assets for $1,522,000 (note 5)

Notes to the financial statements (continued)

2. *Financial risk management*

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk that are actively mitigated to reduce the Group's exposure.

The ongoing tightening of the USD available in PNG continues to affect Trukai's ability to pay down its intercompany trade payable, exposing the Group to foreign exchange risk in case of devaluation of the kina. Some improvements have however been noticed, and as of 31 October 2016, the intercompany payable balance is USD 69,400,000 compared to USD 83,675,00 in April 2016 (net of USD cash held). In relation to liquidity risk, the total of cash and cash equivalents held by Trukai amounts to PGK 136,018,000 (AUD 56,575,000) as at 31 October 2016 compared to PGK 200,095,000 (AUD 81,105,000) in April 2016.

3. *Revenue*	**Half year October 2016 $000's**	Half year October 2015 $000's
Sale of goods	**566,305**	640,307
Sales revenue	**566,305**	640,307
Interest received	**395**	233
Other sundry items	**1,624**	1,665
Other revenue	**2,019**	1,898
Revenue from continuing operations	**568,324**	642,205

4. *Other income*

Net gain on disposal of property, plant and equipment	**162**	90
Foreign exchange gains	**-**	367
Total other income	**162**	457

5. *Impairment*

In October 2014 an impairment charge of $1,994,000 was recognised on land, building and plants and equipment of a division of Riviana as a consequence of lower trading performance.

Since then several initiatives have taken place to improve costs, increase pricing and sign new distribution contracts. The improved financial performance of this division supported the reversal of the initial impairment charge up to the net book value of the assets ($1,624,000).

This reversal is partially offset by the recognition of an impairment charge of $1,522,000 on the land, building and plants and equipment of Brandon, our rice milling operations in North Queensland.

The development of a sustainable rice industry in the region is slower than expected and the mill is facing manufacturing challenges increasing the cost of production.

The residual carrying value of the fixed assets is supported by an independent valuation.

Notes to the financial statements (continued)

6. Expenses	**Half year October 2016 $000's**	Half year October 2015 $000's
Profit before income tax includes the following expense items:		
Other expenses		
Energy	**4,016**	9,626
Advertising and artwork	**13,282**	8,007
Contracted services	**10,385**	10,095
Operating lease expenditure and equipment hire	**5,686**	5,280
Repairs and maintenance	**4,926**	5,527
Motor vehicle and travelling expenses	**4,044**	4,162
Insurances	**1,478**	1,114
Research and development	**456**	1,356
Internet, telephone and fax	**1,402**	1,509
Training	**797**	1,111
Capital restructuring costs	**67**	1,696
Other	**7,167**	11,925
	53,706	61,408

The reversal of the dispute settlement provision of $4,710,000 with SunFoods minority shareholders has been recognised against "Other".

7. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 31 October 2016 is 21.9%, compared to 31.4% for the six months ended 31 October 2015. The lower tax rate in the current period is the result of previously unrecognised carried forward losses which are now being utilised and difference in overseas tax rate.

8. Receivables	**31 October 2016 $000's**	30 April 2016 $000's
Current		
Trade receivables	**125,673**	119,768
Provision for impairment of receivables	**(1,437)**	(1,416)
	124,236	118,352
Other receivables	**5,804**	1,216
GST receivables	**2,288**	7,301
Prepayments	**6,565**	17,223
	138,893	144,092

The prepayment balance as at April 2016 includes $12,374,000 ($nil in October 2016) of rice purchased overseas, but for which the Group did not take ownership before 30 April 2016.

Notes to the financial statements (continued)

9. Borrowings	**31 October 2016 $000's**	30 April 2016 $000's
Current		
Secured		
Bank overdrafts	**-**	5,050
Bank loans	**192,023**	212,513
Net accrued interest and capitalised borrowing costs	**(131)**	(167)
Lease liability	**524**	611
	192,416	218,007
Non current		
Secured		
Bank loans	**79,000**	79,736
Net accrued interest and capitalised borrowing costs	**(497)**	(667)
Lease liability	**459**	481
	78,962	79,550
Total borrowings	**271,378**	297,557

Bank loans

Details of the Group's bank loans include:		
Seasonal debt	**192,023**	213,249
Core debt	**79,000**	79,000
	271,023	292,249
Representing:		
Current bank loans	**192,023**	212,513
Non-current bank loans	**79,000**	79,736
	271,023	292,249

The Group manages its cash and borrowings on a net basis. At 31 October 2016, the Group had total borrowings of $271,378,000 (30 April 2016: $297,557,000) and amounts owing to Rice Marketing Boad (RMB) for equity certificates of $nil (30 April 2016: $4,425,000) within payables. The Group also had $90,207,000 (30 April 2016: $120,117,000) in cash and cash equivalents. The Group considers net debt to be total borrowings plus amounts owing to RMB for equity certificates less cash and cash equivalents. At 31 October 2016 Net Debt was $181,171,000 (30 April 2016: $181,865,000).

Significant terms and conditions of bank facilities
During the 2016 financial year, Ricegrowers Limited renegotiated its Core and Seasonal syndicated banking facilities. The seasonal debt facility (including trade and grower finance facility) of $470,000,000 increased by $65,000,000 compared to the prior year ($405,000,000) and the maturity date was extended to 7 April 2017.

The Core debt facility of $150,000,000 maturing in 2018 and 2020, increased by $45,000,000 compared to the prior year ($105,000,000).

The Australian bank loans, including overdrafts and other facilities, are secured by registered mortgages over all property, registered equitable mortgages over all assets of the Obligor Group, and a cross-guarantee between Ricegrowers Limited and Riviana Foods Pty Ltd.

Notes to the financial statements (continued)

10. Contributed equity	**31 October 2016 $000's**	30 April 2016 $000's
(a) Share capital		
Fully paid Ordinary B Class Shares	**107,819**	107,819

(b) Movement in Ordinary B Class shares

Date	**Number of shares**	**$000's**
1 May 2016 & 31 October 2016 balance	**55,762,392**	**107,819**

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.

A Class shares
A Class shares have no nominal value but are voting shares held by active Riverina growers only. At 31 October 2016, 806 A Class shares were on issue (30 April 2016: 904).

(c) Capital risk management
The Group's and Company's objectives when managing capital are to safeguard their ability to continue as a going concern, continue to grow the business, provide returns for shareholders and to maintain an optimal capital structure.

The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by net dept plus total equity. Net debt is calculated as total borrowings (including 'borrowings' and 'RMB equity certificates' as shown in the balance sheet) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the balance sheet (including non-controlling interests).

The net debt remained constant over the six-month period and so has the gearing at 32% (30 April 2016: 32%).

11. Reserves	**31 October 2016 $000's**	30 April 2016 $000's
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(20,142)**	(21,191)
Hedging reserve - cash flow hedges	**(1,232)**	(2,754)
Transaction with non-controlling interests	**(7,956)**	-
	4,040	9,425

Transaction with non-controlling interests

Balance 1 May 2016	**-**
Acquisition of additional ownership of SunFoods LLC	**(7,956)**
Balance 31 October 2016	**(7,956)**

In September 2016 the Group purchased the non-controlling interests of SunFoods LLC (35%) for a consideration of $4,645,000 ($US 3,500,000).

In the course of the previous financial year the SunFoods minority shareholders initiated legal proceedings against SunRice seeking compensation for alleged damages. As at 30 April 2016 SunRice recognised a provision representing management's best estimate of a probable settlement of the dispute for $4,710,000 ($US 3,600,000).

During arbitration proceedings this year, SunRice made an offer to purchase the minority shareholders' stake in SunFoods LLC which was accepted and resulted in the minority shareholders withdrawing their claim. This withdrawal resulted in the reversal of the dispute settlement provision in the current financial year (included in Other expenses).

The acquisition of additional shares in SunFoods LLC is shown in the financial statements as a transfer of equity between non-controlling interests and the reserves attributable to Ricegrowers Limited (transaction with owners in their capacity as owners in accordance with the accounting standards).

Notes to the financial statements (continued)

12. Segment information

The Corporate Management Team examines the Group's financial performance from a product and service perspective and has identified 6 reportable segments of its business.

In aggregating operating segments into reportable segments, management has considered the requirements of the accounting standard and notably the existence of similarities in economic characteristics, nature of products, and market and customers.

Rice Pool
The milling, marketing and distribution of rice from the Riverina (i.e. excluding the rice sourced in Queensland) through intermediaries to consumers and directly to food service and processing customers where the supply of Australian rice is a key driver of the economics of the business.

International Rice
The manufacturing, marketing and distribution of rice from all other sources (i.e other than the Riverina) through intermediaries to consumers, food services and processing customers where the economics of the business reflects profit generated as a result of managing supply and demand.

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

- Global Rice and Ricegrowers Singapore, the global trading arms of the Group, sourcing rice from outside of the Riverina region and selling branded rice products in Australia or overseas.
- Trukai, SunFoods, Aqaba Processing Company and Solrice which are separate legal entities that distribute rice in their respective local markets. SunFoods also mills locally sourced rice and, in addition to selling domestically, exports to overseas markets.

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. Some operating segments do however present different performance profiles (such as Brandon Mill) but it is management'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 manufacturing, marketing and distribution of rice-based products which incorporates additional value in their transformation process. This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments.

These operating segments have similar economic characteristics, measured as the gross margin.

Riviana Foods (Riviana)
The importation, manufacture, distribution and sales of consumer food products to intermediaries.

CopRice
The manufacture, distribution and sales of pet food and stock feed products through intermediaries to consumers and primary producers.

Asset Finance
Seek and provide financing resources and access to storage equipment to support primarily the Rice Pool segment.

The main operating segments aggregated into Asset Finance are AGS and Corporate. The services provided are capital based services in nature which are remunerated by a fixed return on assets employed.

The Corporate Management Team evaluates results based on contributed NPBT which is defined as net profit before tax and intersegment eliminations. In the case of Rice Pool the profit before tax is calculated based on a standard paddy price before its final adjustment.

Sales between segments are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements.

Notes to the financial statements (continued)

12. Segment information (continued)

The following table sets forth the segment results for the period ended 31 October 2016.

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Asset Finance $000's	Total $000's
Total segment revenue	138,997	263,766	56,787	61,118	54,329	12,266	587,263
Inter-segment revenue	(6,906)	(591)	-	-	(1,322)	(12,139)	(20,958)
Revenue from external customers	132,091	263,175	56,787	61,118	53,007	127	566,305
Other revenue							2,019
Total revenue from continuing operations							568,324
Contributed NPBT	(15,649)	18,158	4,830	3,095	(1,525)	12,757	21,666
Intersegment eliminations							4,887
Profit before income tax							26,553
Segment assets	276,096	286,271	44,200	76,117	42,603	198,691	923,978
Intersegment eliminations							(141,475)
Cash and cash equivalents							14,275
Deferred tax assets							22,358
Total assets							819,136

The following table sets forth the segment results for the half year ended 31 October 2015.

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Asset Finance $000's	Total $000's
Total segment revenue	238,253	267,643	52,003	70,707	68,641	24,911	722,158
Inter-segment revenue	(54,194)	(2,813)	-	-	-	(24,844)	(81,851)
Revenue from external customers	184,059	264,830	52,003	70,707	68,641	67	640,307
Other revenue							1,898
Total revenue from continuing operations							642,205
Contributed NPBT	-	17,423	1,071	7,489	3,049	6,235	35,267
Intersegment eliminations							(414)
Profit before income tax							34,853
Segment assets	404,278	294,988	42,298	80,304	48,123	136,078	1,006,069
Intersegment eliminations							(122,294)
Cash and cash equivalents							14,071
Current tax receivable							95
Deferred tax assets							16,393
Total assets							914,334

Notes to the financial statements (continued)

12. Segment information (continued)

Change in presentation compared to the prior period
Cash and borrowings balances that were not allocated in the reported half year ended 31 October 2015 numbers have been allocated to the reportable segments except for the Australian operations for which the head office is centrally managing the financing. In addition the elimination of an intercompany loan is presented as an intersegment elimination instead of intra-segment elimination.

The impact of the change in presentation is as follow:

	Rice Pool $000's	**International Rice $000's**	**Rice Food $000's**	**Riviana $000's**	**CopRice $000's**	**Asset Finance $000's**	**Total $000's**
Segment assets - as published	404,278	242,621	42,298	80,304	48,123	85,404	903,028
Intersegment eliminations as published							(72,248)
Cash - as published							67,066
Segment assets - restated	**404,278**	**294,988**	**42,298**	**80,304**	**48,123**	**136,078**	**1,006,069**
Intersegment eliminations - restated							**(122,294)**
Cash - restated							**14,071**

13. Dividends

On 21 June 2016 a fully franked final dividend of 33.0 cents per share was declared for the year ended 30 April 2016. The amount of $18,401,589 was paid on 29 July 2016.

14. Contingent liabilities

The estimated maximum amounts of contingent liabilities not provided for in the accounts of Ricegrowers Limited and its controlled entities as at 31 October 2016 are:

	31 October 2016 $000's	30 April 2016 $000's
Letters of credit	**20,031**	33,981
Guarantee of bank advances	**1,874**	6,909
	21,905	40,890

The larger amount of contingent liabilities as at 30 April 2016 was mainly due to 2 stand-by letters of credit in relation to purchase of rice in Asia.

15. Earnings per share

(a) Basic and Diluted earnings per share	**31 October 2016 Cents**	31 October 2015 Cents
Basic and Diluted earnings per share	**37.8**	39.3

(b) Reconciliation of earnings per share	**31 October 2016 $000's**	31 October 2015 $000's
Profit for the half year	**21,084**	21,932

Notes to the financial statements (continued)

15. Earnings per share (continued)

(c) **Weighted average number of B Class shares used as a denominator**	**31 October 2016 $000's**	31 October 2015 $000's
Weighted average number of B Class shares	**55,762**	55,762

16. Net tangible assets

	31 October 2016	31 October 2015
Net tangible asset backing per B Class share	**$6.82**	$6.50

17. Events occurring after the balance sheet date

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

The implementation of the National Rice Policy in PNG and its implication on Trukai's business are still uncertain and the Group continues to monitor the developments of this matter.

18. Business combination

On 14 September 2016 Riviana acquired Fehlbergs Fine Foods (Fehlbergs). Established in the early 1980s, Fehlbergs is a family owned business that ranges quality products in Australian supermarkets.

Pickled Onions represents the core business and the Fehlbergs brand has a strong and growing position in the market thanks to Jalapenos and Gherkins products, as well as private label contracts.

Synergies are expected between Riviana and Fehlbergs in the areas of manufacturing operations, importation and distribution processes, and brand and customer management activities.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	**$000's**
Cash paid	**2,600**
Total purchase consideration	**2,600**

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

Purchase consideration	**$000's**
Property, plant and equipment	**185**
Brand	**585**
Deferred tax	**(175)**
Identifiable net assets acquired	**595**
Add: Goodwill	**2,005**
Net assets acquired	**2,600**

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 3 to 16 are in accordance with the Corporations Act 2001, including:

  (i) complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001; and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 October 2016 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 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ricegrowers Limited (the company), which comprises the consolidated balance sheet as at 31 October 2016, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Ricegrowers Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility 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 is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 October 2016 and 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*. As the auditor of Ricegrowers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 October 2016 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney
Partner

Sydney
15 December 2016

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2016, 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.

P.J. Carney

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
15 December 2016

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