FORM: HALF YEARLY

NAME OF ISSUER:
RICEGROWERS LIMITED

ABN: 55 007 481 156	HALF YEARLY	HALF YEAR ("CURRENT PERIOD"): 31 OCTOBER 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$A,000
Revenue	**Up**	**7.0%**	to	582,865
Profit for the period (after tax)	**Down**	**42.3%**	to	13,877
Profit after tax for the period attributable to members of Ricegrowers Limited	**Down**	**42.4%**	to	13,356

COMMENTARY ON RESULTS FOR THE PERIOD

SunRice's 7% revenue increase compared to HY18 was due to a combination of factors. International rice prices firmed during the period by around 30% and exchange rate movements enhanced the value of Australian rice exports.

Despite stronger revenue, SunRice profitability was undermined by several factors. The firmer rice prices that benefited revenue also increased the cost of some of SunRice's key internationally sourced export varieties. In addition, profitability was negatively impacted by the falling value and lack of liquidity of the PNG Kina as well as other generally unfavourable foreign exchange movements compared to HY18. Pleasingly however, the Rice Food, CopRice and Riviana businesses all experienced profitability growth during the Half. CopRice performed particularly well, having benefited from the increasing demand for stockfeed with revenue increasing by 49%.

SEGMENT PERFORMANCE

Rice Pool:

Rice Pool revenue increased by 15% compared to HY18. This positive result was driven by the geographical sales mix of Australian rice exports into markets such as Japan and the Middle East which were sourced from the International Rice segment in HY18 and the expansion of the Koshihikari rice varietal and Long Grain sales into food service channels. Operationally, there were challenges during the period associated with lower whole grain yield impacting milling efficiencies.

International Rice:

International Rice's revenue and net profit before tax (NPBT) declined compared to HY18. Profitability was undermined by several factors including: the return to Australian supplied rice for markets such as Japan and the Middle East; the absence of Korean tender market volume compared to HY18; the stronger than anticipated cost of some of SunRice's key internationally sourced export varieties; adverse exchange rate impacts, especially on costs; costs associated with the establishment of a vertically integrated supply chain in Vietnam; and increased provisions for doubtful debts in some markets. The outlook for international rice prices is anticipated to support improved profitability for the International Rice segment in the second half of FY19.

Trukai delivered solid top-line performance during the Half, but the devaluing PNG Kina is increasing input costs and a continuing lack of liquidity in this currency impacted profitability, increased the value of the intercompany balance payable to SunRice and increased financing costs. During the Half, Trukai also benefited from a $1.3 million share of net profit in associate, which was primarily driven by the revaluation of investment property.

Rice Food:

While sales volumes and revenues marginally declined during HY19, NPBT increased by 144% compared to HY18. Improved profitability during the Half was driven by positive performance by the rice flour and 'mini-bites' categories, as well as reduced advertising and trade spend.

COMMENTARY ON RESULTS FOR THE PERIOD (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

Riviana:

Riviana NPBT increased by 5% compared to HY18. This performance was driven primarily by margin and market share growth across most product categories in the retail sector, including Riviana's private label business, which continued to capture market share from other brands. Although competition in the food service sector remains high, Riviana is making gains through new product launches and increasing direct sales through manufacturers. However, negative foreign currency exchange impacts on imported products and increased overhead allocations from the Corporate segment offset this positive performance which is expected to further benefit from the recent acquisition of the Roza's Gourmet business in the second half of the year.

CopRice:

CopRice continues to experience the positive turnaround that commenced in FY18, with NPBT increasing 145% compared to HY18. The launch of new products focused on sheep nutrition, as well as seasonally dry conditions, have driven an expansion of stockfeed sales volumes, which has offset the rising cost of raw materials.

Corporate:

During HY19, Corporate benefited from the following factors: increased brand charges (underpinned by the Group's revenue expansion); increased overhead allocations to other segments and a $1.75 million gain on the revaluation of investment property. These were offset by an increase in costs associated with the pending ASX listing and other strategic projects.

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 2018.		

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Trukai Industries Limited, which is 66.23% owned by Ricegrowers Limited, has 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 30.44% (31 October 2017: 28.85%)

CONTROLLED ENTITIES

On 19 September 2018, Riviana Foods Pty Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Roza's Gourmet Pty Ltd (incorporated in Australia).

On 31 October 2018, Ricegrowers Singapore Pte Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Lap Vo Dong Thap Food Company Limited (incorporated in Vietnam).

There have been no other changes in controlled entities in the six months period to 31 October 2018.

NTA BACKING

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$7.29	$7.13

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 OCTOBER 2018

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 the Australian currency.

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 National Stock Exchange.

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 2018.

1. Directors

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

LJ Arthur
RF Gordon
GA Andreazza
JMJ Bradford
L Catanzaro (appointed on 20 September 2018)
AJ Crane (appointed on 20 September 2018)
ID Glasson
GL Kirkup
IR Mason
DM Robertson
LK Vial
GF Latta AM (retired on 20 September 2018)

2. Company Secretary

M Del Gigante

3. Principal activities

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

4. Consolidated entity result

The consolidated profit before income tax of the Group for the interim period amounted to $21,391,000 (2017: $35,376,000). The net profit after income tax of the Group for the period was $13,877,000 (2017: $24,052,000). The net profit of the Group after income tax and after non-controlling interests was $13,356,000 (2017: $23,198,000).

5. Review of operations

SunRice's consolidated revenue for the Group was $582,865,000, up 7.0% compared to the previous corresponding period (31 October 2017). Net profit after tax was $13,877,000, a 42.3% decrease compared to the prior period.

SunRice's 7% revenue increase compared to HY18 was due to a combination of factors. International rice prices firmed during the period by around 30% and exchange rate movements enhanced the value of Australian rice exports.

Despite stronger revenue, SunRice profitability was undermined by several factors. The firmer rice prices that benefited revenue also increased the cost of some of SunRice's key internationally sourced export varieties. In addition, profitability was negatively impacted by the falling value and lack of liquidity of the PNG Kina as well as other generally unfavourable foreign exchange movements compared to HY18. Pleasingly however, the Rice Food, CopRice and Riviana businesses all experienced profitability growth during the Half. CopRice performed particularly well, having benefited from the increasing demand for stockfeed with revenue increasing by 49%.

Segment Performance

Rice Pool

Rice Pool revenue increased by 15% compared to HY18. This positive result was driven by the geographical sales mix of Australian rice exports into markets such as Japan and the Middle East which were sourced from the International Rice segment in HY18 and the expansion of the Koshihikari rice varietal and Long Grain sales into food service channels. Operationally, there were challenges during the period associated with lower whole grain yield impacting milling efficiencies.

International Rice

International Rice's revenue and net profit before tax (NPBT) declined compared to HY18. Profitability was undermined by several factors including: the return to Australian supplied rice for markets such as Japan and the Middle East; the absence of Korean tender market volume compared to HY18; the stronger than anticipated cost of some of SunRice's key internationally sourced export varieties; adverse exchange rate impacts, especially on costs; costs associated with the establishment of a vertically integrated supply chain in Vietnam; and increased provisions for doubtful debts in some markets. The outlook for international rice prices is anticipated to support improved profitability for the International Rice segment in the second half of FY19.

Trukai delivered solid top-line performance during the Half, but the devaluing PNG Kina is increasing input costs and a continuing lack of liquidity in this currency impacted profitability, increased the value of the intercompany balance payable to SunRice and increased financing costs. During the Half, Trukai also benefited from a $1.3 million share of net profit in associate, which was primarily driven by the revaluation of investment property.

5. Review of operations (continued)

Rice Food

While sales volumes and revenues marginally declined during HY19, NPBT increased by 144% compared to HY18. Improved profitability during the Half was driven by positive performance by the rice flour and 'mini-bites' categories, as well as reduced advertising and trade spend.

Riviana

Riviana NPBT increased by 5% compared to HY18. This performance was driven primarily by margin and market share growth across most product categories in the retail sector, including Riviana's private label business, which continued to capture market share from other brands. Although competition in the food service sector remains high, Riviana is making gains through new product launches and increasing direct sales through manufacturers. However, negative foreign currency exchange impacts on imported products and increased overhead allocations from the Corporate segment offset this positive performance which is expected to further benefit from the recent acquisition of the Roza's Gourmet business in the second half of the year.

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CopRice continues to experience the positive turnaround that commenced in FY18, with NPBT increasing 145% compared to HY18. The launch of new products focused on sheep nutrition, as well as seasonally dry conditions, have driven an expansion of stockfeed sales volumes, which has offset the rising cost of raw materials.

Corporate

During HY19, Corporate benefited from the following factors: increased brand charges (underpinned by the Group's revenue expansion); increased overhead allocations to other segments and a $1.75 million gain on the revaluation of investment property. These were offset by an increase in costs associated with the pending ASX listing and other strategic projects.

6. Significant changes in the state of affairs

On 19 September 2018, Riviana Foods Pty Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Roza's Gourmet Pty Ltd (incorporated in Australia).

On 31 October 2018, Ricegrowers Singapore Pte Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Lap Vo Dong Thap Food Company Limited (incorporated in Vietnam).

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial period under review, not otherwise disclosed in the interim financial report.

7. Dividends

A final dividend of $18,779,980 was declared on 29 June 2018 for the year ended 30 April 2018. An amount of $13,357,604 was paid on 31 July 2018 with the residual amount of $5,422,376 being issued in ordinary B Class shares under the company's dividend reinvestment plan.

8. Events subsequent to the balance sheet date

On 29 November 2018, the Group announced that, to cater for the anticipated reduced size of the 2019 rice crop due to very low water availability and high water prices, changes will be required at SunRice's Riverina milling, packing and warehouse operations over the coming eight months. The proposed operational changes and shift restructuring at the Deniliquin and Leeton Mills will be undertaken in a phased approach to match the production requirements created by the significantly reduced crop: the first phase will take effect from 2 January 2019 and the final phase will be effective from July/August 2019. The Group's focus is to work closely with the impacted people to explore all available options to minimise the number of job losses. These options will include re-locating staff, job sharing and temporary leave and the Group expects this process will result in the loss of under 100 positions.

The Directors are not aware of any other 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.

9. 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 5.

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

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

For and on behalf of the Board.

L Arthur
Chairman

R Gordon
Director

11 January 2019

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2018, 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
11 January 2019

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CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 OCTOBER 2018

	Note	Half year October 2018 $000's	Half year October 2017 $000's
Sales revenue	5	580,918	543,265
Other revenue	5	1,947	1,634
Revenue from continuing operations		582,865	544,899
Other income	6	1,794	6,637
Changes in inventories of finished goods		10,399	25,307
Raw materials and consumables used		(358,371)	(339,421)
Freight and distribution costs		(56,320)	(57,294)
Employee benefits expense		(74,104)	(68,862)
Depreciation and amortisation expenses		(10,716)	(10,910)
Finance costs		(4,755)	(5,180)
Asset impairment	7	(102)	(485)
Other expenses	8	(70,571)	(59,315)
Share of net profit of associate accounted for using the equity method		1,272	-
Profit before income tax		21,391	35,376
Income tax expense	9	(7,514)	(11,324)
Profit for the half year		13,877	24,052
Profit for the half year is attributable to:			
Ricegrowers Limited shareholders		13,356	23,198
Non-controlling interests		521	854
		13,877	24,052
Earnings per share for profit attributable to B class shareholders			
Basic and diluted earnings (cents per share)	17	23.3	41.4

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 2018

	Half year October 2018 $000's	Half year October 2017 $000's
Profit for the half year	13,877	24,052
Items that may be reclassified to the profit or loss		
Changes in fair value of cash flow hedges	(1,502)	1,705
Exchange differences on translation of foreign operations	4,564	(3,011)
Income tax relating to items of other comprehensive income	451	(511)
Other comprehensive income for the half year, net of tax	3,513	(1,817)
Total comprehensive income for the half year	17,390	22,235
Total comprehensive income for the half year is attributable to:		
Ricegrowers Limited shareholders	16,096	22,307
Non-controlling interests	1,294	(72)
	17,390	22,235

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

CONSOLIDATED BALANCE SHEET

AS AT 31 OCTOBER 2018

	Note	31 October 2018 $000's	30 April 2018 $000's
Current assets			
Cash and cash equivalents	3/12c	83,766	122,902
Receivables		143,828	151,157
Inventories		443,097	506,793
Current tax receivable		2,080	3,239
Derivative financial instruments		772	761
Total current assets		673,543	784,852
Non-current assets			
Other financial assets		37	43
Property, plant and equipment	10	231,450	217,712
Investment properties		2,900	1,150
Intangible assets		13,331	9,024
Deferred tax assets		18,658	19,882
Investments accounted for using the equity method		2,829	1,497
Total non-current assets		269,205	249,308
Total assets		942,748	1,034,160
Current liabilities			
Payables		138,609	129,091
Amounts payable to Riverina Rice Growers		111,902	248,315
Borrowings	11	127,656	86,192
Current tax liabilities		2,729	1,122
Provisions		18,766	22,747
Derivative financial instruments		3,071	1,887
Total current liabilities		402,733	489,354
Non current liabilities			
Payables		1,694	1,588
Amounts payable to Riverina Rice Growers		-	25,874
Borrowings	11	92,786	79,204
Provisions		4,226	4,007
Total non-current liabilities		98,706	110,673
Total liabilities		501,439	600,027
Net assets		441,309	434,133
Equity			
Contributed equity	12	122,851	111,855
Reserves	13	4,318	3,978
Retained profits		288,501	293,925
Capital and reserves attributable to the owners of Ricegrowers Limited		415,670	409,758
Non-controlling interests		25,639	24,375
Total equity		441,309	434,133

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 2018

	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 2018	111,855	3,978	293,925	409,758	24,375	434,133
Profit for the half year	-	-	13,356	13,356	521	13,877
Other comprehensive income	-	2,740	-	2,740	773	3,513
Total comprehensive income for the half year	-	2,740	13,356	16,096	1,294	17,390
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	7,454	-	-	7,454	-	7,454
Share based payments - Issue of shares to employees	586	(586)	-	-	-	-
Share based payments - Value of employee services	-	1,029	-	1,029	-	1,029
Acquisition of treasury shares	2,956	(2,956)	-	-	-	-
Issue of treasury shares to employees	-	113	-	113	-	113
Dividends distributed	-	-	(18,780)	(18,780)	(30)	(18,810)
	10,996	(2,400)	(18,780)	(10,184)	(30)	(10,214)
Balance as at 31 October 2018	122,851	4,318	288,501	415,670	25,639	441,309

	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 2017	107,819	4,641	269,632	382,092	22,783	404,875
Profit for the half year	-	-	23,198	23,198	854	24,052
Other comprehensive income	-	(891)	-	(891)	(926)	(1,817)
Total comprehensive income for the half year	-	(891)	23,198	22,307	(72)	22,235
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	2,061	-	-	2,061	-	2,061
Dividends distributed	-	-	(18,402)	(18,402)	(233)	(18,635)
	2,061	-	(18,402)	(16,341)	(233)	(16,574)
Balance as at 31 October 2017	109,880	3,750	274,428	388,058	22,478	410,536

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 2018

	Half year October 2018 $000's	Half year October 2017 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	614,034	541,194
Payments to suppliers (inclusive of goods and services tax)	(408,167)	(324,559)
Payments to Riverina Rice Growers	(177,334)	(177,461)
Payments of wages, salaries and on-costs	(77,866)	(66,878)
Interest received	229	226
Interest paid	(4,394)	(4,053)
Income taxes paid	(2,784)	(6,134)
Net cash outflow from operating activities	(56,282)	(37,665)
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(20,614)	(12,303)
Payments for acquisition of business	(5,855)	-
Proceeds from sale of property, plant and equipment	71	144
Net cash outflow from investing activities	(26,398)	(12,159)
Cash flows from financing activities		
Proceeds from borrowings	199,230	175,514
Repayment of borrowings	(145,000)	(88,172)
Proceeds from issue of shares	686	-
Repayment of finance leases	(140)	(343)
Dividends paid	(13,358)	(16,341)
Net cash inflow from financing activities	41,418	70,658
Net decrease in cash and cash equivalents	(41,262)	20,834
Cash at the beginning of the half year	122,902	49,880
Effect of exchange rate changes on cash	2,126	(1,392)
Cash and cash equivalents at the end of the half year	83,766	69,322

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	83,766	90,537
Deduct bank overdraft	-	(21,215)
	83,766	69,322

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

1. Basis of preparation of half year report

This consolidated interim financial report for the half year reporting period ended 31 October 2018 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 2018 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, except for the estimation of income tax (see note 9) and the adoption of new and amended standards as set out below.

a. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- AASB 9 Financial Instruments, and
- AASB 15 Revenue from Contracts with Customers.

There was no material impact from the adoption of these standards, which did not require retrospective adjustments. The new accounting policies applied from 1 May 2018 are disclosed in note 2.

The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

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

AASB 16 Leases (effective from 1 May 2019)

AASB 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. The Group estimates that a portion of its current lease commitments relate to payments for short-term and low value leases, which will be recognised on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are effective for periods beginning on or after 1 May 2019 and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

c. Significant events of the period

For a detailed discussion about the Group's performance and financial position, refer to our review of operations on pages 2 to 3.

2. Changes in accounting policies

This note discloses the new accounting policies that have been applied from 1 May 2018, where they are different to those applied in prior periods.

a. AASB 9 Financial Instruments

Investments and other financial assets

Classification

From 1 May 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in the following measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/expenses, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/expenses in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other income/expenses in the consolidated income statement as applicable.

Impairment

From 1 May 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivatives and hedging

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income/expenses.

When forward contracts are used to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through the use of inventory).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

b. AASB 15 Revenue from Contracts with Customers

Sale of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to on-sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Goods are often sold with discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risks (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk that are actively mitigated to reduce the Group's exposure.

In relation to the liquidity risk, the ongoing tightening of the USD available in Papua New Guinea (PNG) continues to affect Trukai's ability to settle its intercompany trade payable, exposing the Group to the risk of a sudden devaluation of the PNG Kina. At 31 October 2018, the total of cash and cash equivalents held by Trukai amounts to PGK 115,471,000 (AUD 47,761,000) compared to PGK 190,293,000 (AUD 76,187,000) at 30 April 2018.

The Group continues to closely monitor economic conditions in PNG to proactively manage the liquidity risk.

4. Fair value measurement

The Group's assets and liabilities carried at fair value are mainly related to currency and interest rate derivatives. As there is no price quoted in an active market for these financial instruments (level 2), the fair value of these 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.

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

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

	31 October 2018			30 April 2018		
	Level 2 $'000	Level 3 $'000	Total $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets						
Investment properties	-	2,900	2,900	-	1,150	1,150
Derivatives used for hedging						
Foreign exchange contracts	772	-	772	761	-	761
Total assets	772	2,900	3,672	761	1,150	1,911
Liabilities						
Derivatives used for hedging						
Foreign exchange contracts	2,683	-	2,683	1,355	-	1,355
Interest rate swaps	388	-	388	532	-	532
Total liabilities	3,071	-	3,071	1,887	-	1,887

There were no transfer between levels for recurring fair value measurements during the year.

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 payables to Riverina rice growers.

5. Revenue

	Half Year October 2018 $000's	Half Year October 2017 $000's
Sale of goods	580,918	543,265
Sales revenue	580,918	543,265
Interest received	229	226
Other sundry items	1,718	1,408
Other revenue	1,947	1,634
Revenue from continuing operations	582,865	544,899

6. Other income

	Half Year October 2018 $000's	Half Year October 2017 $000's
Net gain on disposal of property, plant and equipment	44	-
Fair value gain on investment property	1,750	-
Net foreign exchange gains	-	6,637
Total other income	1,794	6,637

In the prior period, the foreign exchange gain was primarily the result of a combination of significant fluctuations in the AUD/USD exchange rate and hedged exposures no longer expected to occur.

7. Impairment

During the half year, an impairment charge of $102,000 (2017: $485,000) was recognised against various individual assets of the Group which were no longer being used.

The recoverable amounts of cash generating units have been determined based on value-in-use calculations, with the exception of land, building and plant and equipment assets in SunFoods, Brandon mill, the Microwave Rice and Microwave Meals plant and the Rice Cakes plant, which have all been valued using a fair value less cost of disposal model.

8. Expenses

Profit before income tax includes the following expense items:

	Half Year October 2018 $000's	Half Year October 2017 $000's
Energy	5,517	6,482
Advertising and artwork	13,864	11,294
Contracted services	11,676	11,438
Operating lease expenditure and equipment hire	6,661	5,969
Repairs and maintenance	5,337	5,495
Motor vehicle and travelling expenses	4,463	4,038
Insurances	1,752	1,886
Research and development	288	148
Internet, telephone and fax	1,497	1,167
Training	1,265	1,640
Net foreign exchange losses	6,352	-
ASX listing related costs	1,083	-
Other	10,816	9,758
Total other expenses	70,571	59,315
Employee benefits expense	74,104	68,862

The increase in employee benefits expense has been primarily driven by whole grain yield issues with the C18 Australian crop which have impacted processing times and increased crop-handling requirements in the current period.

Net foreign exchange losses have been primarily driven by the falling value and lack of liquidity of the PNG Kina.

9. Income tax expense

Income tax expense is recognised based on the Group's best 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 half year ended 31 October 2018 is 35%, compared to 32% for the half year ended 31 October 2017.

The Group has not recognised deferred tax assets for ordinary tax losses of $4,412,000 (30 April 2018: $3,298,000) in the USA, as the Group considers there remains uncertainty in the ability of the local entity to generate enough future taxable profits against which these losses can be utilised.

The Group will continuously reassess this position should conditions in the USA improve in a sustainable manner.

10. Property, Plant and Equipment

	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Assets under construction $000's	Totals $000's
Carrying amount at 1 May 2018	121,319	6,695	81,739	7,959	217,712
Additions	-	-	-	20,604	20,604
Recognition of finance lease	-	-	744	-	744
Additions through business combination - note 20	-	5	516	-	521
Capital works in progress reclassifications	529	79	3,702	(4,310)	-
Transfers/disposals/scrapping	-	-	(43)	-	(43)
Depreciation expense	(3,941)	(271)	(5,839)	-	(10,051)
Impairment	-	-	(102)	-	(102)
Foreign exchange difference on translation	728	168	658	511	2,065
Carrying amount at 31 October 2018	118,635	6,676	81,375	24,764	231,450

On 31 October 2018, Ricegrowers Singapore Pte Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired a rice processing mill in Dong Thap Province, Vietnam.

This represents the Group's first direct financial investment in Vietnam, which is an important step towards establishing a fully vertically integrated and sustainable supply chain in the country.

The Group will invest in improving and expanding the mill and purchasing equipment, in order to increase whitening and polishing capacity and to add a new packing line. This will ensure that the mill meets and satisfies the Group's operational needs, its high quality and safety standards, and customers' requirements.

The mill is anticipated to be fully operational during the first half of 2019 with a processing capacity of around 260,000 dry paddy tonnes per annum.

Due to its nature, this acquisition does not qualify as a business combination. Accordingly, assets acquired are included in Property, Plant and Equipment in the balance sheet at 31 October 2018 and no goodwill arose as a result of this transaction.

11. Borrowings

	31 October 2018 $000's	30 April 2018 $000's
Current		
Secured		
Bank loans	127,000	86,000
Net accrued interest and capitalised borrowing costs	(18)	(330)
Lease liability	674	522
	127,656	86,192
Non current		
Secured		
Bank loans	92,230	79,000
Net accrued interest and capitalised borrowing costs	(230)	(279)
Lease liability	786	483
	92,786	79,204
Total borrowings	220,442	165,396
Bank loans		
Details of the Group's bank loans include:		
Seasonal debt	127,000	86,000
Core debt	92,230	79,000
	219,230	165,000
Representing:		
Current bank loans	127,000	86,000
Non-current bank loans	92,230	79,000
	219,230	165,000

The Group manages its cash and borrowings on a net basis. At 31 October 2018, the Group had total borrowings of $220,442,000 (30 April 2018: $165,396,000) and $83,766,000 (30 April 2018: $122,902,000) in cash and cash equivalents. At 31 October 2018, Net Debt was $136,676,000 (30 April 2018: $42,494,000).

Significant terms and conditions of bank facilities

At 31 October 2018, the Seasonal bank facility (including a trade finance facility) and the Core bank facility remain unchanged compared to 30 April 2018 ($235,000,000 and $220,000,000 respectively).

The Australian bank borrowings, 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 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.

12. Contributed equity

a. Share capital

	31 October 2018 $000's	30 April 2018 $000's
Fully paid Ordinary B Class Shares	122,851	111,855

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.

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

A Class shares

A Class shares have no nominal value but are voting shares held by active Riverina rice growers only.

At 31 October 2018, 706 A Class shares were on issue (30 April 2018: 715).

b. Movement in ordinary B class shares

Date	2018 Number of shares	2017 Number of shares	2018 $000's	2017 $000's
Balance at 1 May	56,769,031	55,762,392	111,855	107,819
Issue under Dividend Reinvestment Plan	949,628	511,393	5,422	2,061
Issue under Grower Share Purchase Plan	222,404	-	1,270	-
Issue under Employee Share Scheme - purchased shares	143,081	-	762	-
Issue under Employee Share Scheme - shares offered for no consideration	33,337	-	194	-
Issue of treasury shares	507,932	-	2,956	-
Issue under the Chief Executive Officer Long Term Incentive Plan	100,000	-	392	-
Balance at 31 October	58,725,413	56,273,785	122,851	109,880

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.

In the current period, shares were issued under the DRP at $5.71, representing a 2% discount to the average of the Volume Weighted Average Price (VWAP) of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the prior period, shares were issued under the DRP at $4.03, representing a 2% discount to the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded prior to the dividend record date.

Grower Share Purchase Plan

The company has established a Grower Share Purchase Plan (GSPP) under which eligible growers are given the opportunity to acquire ordinary B Class shares based on the number of paddy tonnes they deliver in any given crop year.

In the current period, shares were issued under the GSPP at $5.71, representing 2% discount to the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Employee Share Scheme

The company has established an Employee Share Scheme (ESS) under which eligible employees are given the opportunity to acquire ordinary B Class shares out of their benefit entitlements or after tax funds.

Under the matching arrangement of the ESS, employees may also be granted shares for no consideration.

In the current period, shares were offered under the ESS at $5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the current period, shares issued under the ESS also include the 40,000 shares issued at $4.05 to the non-executive Independent Directors of Ricegrowers Limited under the FY18 ESS offer and which had not been able to be issued prior to 30 April 2018. Non-executive Independent Directors were not given the opportunity to participate in the FY19 ESS offer.

Treasury shares

Treasury shares issued in the current period are B Class shares in Ricegrowers Limited that are held as unallocated shares by the Ricegrowers Employee Share Trust for the purpose of allocating shares that may be delivered in the future under the FY19-FY21 Chief Executive Officer Long Term Incentive Plan.

507,932 treasury shares were issued at $5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Chief Executive Officer Long Term Incentive Plan

Shares issued in the current period relate to 100,000 vested ordinary B Class shares under the FY16-FY18 Chief Executive Officer Long Term Incentive Plan.

Shares were issued at $3.92, as determined in FY18.

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 A and B Class 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 debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated balance sheet (including non-controlling interests).

The gearing ratio at 31 October 2018 was 24% (30 April 2018: 9%).

When considering the Group's gearing, it is important to note that the Papua New Guinea Kina (PGK) is a restricted currency not freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries (see further details in note 3) cannot be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing ratio would materially increase compared to its current level.

13. Reserves

	31 October 2018 $000's	30 April 2018 $000's
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(17,349)**	(21,140)
Hedging reserve - cash flow hedges	**(1,797)**	(746)
Transaction with non-controlling interests	**(7,956)**	(7,956)
Share-based payment reserve	**1,006**	563
Treasury shares reserve	**(2,956)**	(113)
	4,318	3,978

Share-based payments

Employee Long Term Incentive Plan

Under the Group's Employee Long Term Incentive Plan (LTI), participants are granted rights to ordinary B Class shares of Ricegrowers Limited.

Rights are granted annually and vest at the end of a three year performance period. They automatically convert into one ordinary B Class share each on vesting, aligned to the performance outcome. Share rights do not entitle their holders to receive any dividends during the vesting period.

If a participant ceases to be employed by the Group within the performance period, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

In the current reporting period, 204,890 share rights were granted to eligible participants under the FY19-FY21 Employee LTI plan. The number of rights granted was determined based on a percentage of fixed remuneration converted to a number of shares using a price of $5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Chief Executive Officer Long Term Incentive Plan

In the current reporting period, the Chief Executive Officer (CEO) was granted 507,932 rights to ordinary B Class Shares of Ricegrowers Limited under the FY19-FY21 CEO Long Term Incentive Plan. The number of rights granted was determined based on a percentage of fixed remuneration converted to a number of shares using a price of $5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Subject to vesting, each right entitles the CEO to one B Class Share. Vesting of the rights is conditional on the Board being satisfied that the CEO has achieved the Performance Measures identified in the Plan at the end of the three year Performance Period from 1 May 2018 to 30 April 2021. However, the Board may, at its discretion, consider vesting prior to the end of that three year Performance Period if a change of control of the Company occurs. In circumstances where the CEO ceases to be an employee during the Performance Period as a result of death, termination by the Company on the basis of redundancy or termination by or with the agreement of the Company based on permanent incapacity, vesting of the CEO's rights will be considered on a pro rata basis to reflect the portion of the Performance Period which elapsed before the employment ceased. If the CEO ceases to be employed by the Company for other reasons prior to the end of the Performance Period, his rights will lapse. Rights that have not vested at the end of the Performance Period will lapse.

The Board has selected Performance Measures that are consistent with the CEO's remuneration being aligned to increasing shareholder value and growers interests. Key Performance Measures are directed to the achievement of the long-term strategic plan for the Group as agreed by the Board, realising earnings per share growth, the maximisation of grower returns over the long-term, the development of the next strategic review to ensure continued growth for the organisation and driving a highly engaged workforce, with a strong performance culture focused on sustainability and succession.

Share rights do not entitle the CEO to receive any dividends prior to vesting.

Employee Share Scheme

Employees who are Australian Tax Residents are eligible and may elect to participate in the Group's Employee Share Scheme (ESS). Under the matching arrangement of the ESS, eligible employees may be granted up to $1,000 worth of fully paid ordinary B Class shares in Ricegrowers Limited annually for no cash consideration.

In the current reporting period, 33,337 shares were issued to eligible participants under the matching arrangement of the FY19 ESS offer. The number of shares issued was determined based on the offer amount divided by $5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Shares issued under the ESS may not be sold until the earlier of three years after issue or cessation of employment by the Group. In all other respects the shares rank equally with other fully paid ordinary B Class shares on issue.

Treasury shares

At 31 October 2018, treasury shares are 507,932 B Class shares in Ricegrowers Limited that are held as unallocated shares by the Ricegrowers Employee Share Trust for the purpose of allocating shares that may be delivered in the future under the FY19-FY21 CEO LTI Plan.

14. Dividends

On 29 June 2018, a fully franked final dividend of 33.0 cents per share was declared for the year ended 30 April 2018. An amount of $13,357,604 was paid on 31 July 2018, with the residual amount of $5,422,376 being issued in ordinary B Class shares under the company's dividend reinvestment plan (see note 12).

15. 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, the Group has considered the requirements of the accounting standards and notably the existence of similarities in economic characteristics, nature of products, market and customers.

Rice Pool

The receival, milling, marketing and distribution of Riverina rice, directly to customers across many channels.

This includes supplying Australian markets and exporting Riverina rice to global markets across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies the Group's global subsidiaries, which can purchase rice from the Rice Pool to sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders. The net proceeds from the Rice Pool are not available to the Group's B Class Shareholders.

International Rice

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

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

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

The nature of products manufactured, the distribution process and the type of customers are comparable between these segments.

The economic characteristics of the larger operating segments, measured by their gross margin, is also largely comparable when considering past and expected performance.

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

Rice Food

The manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and pre-prepared meals, both in domestic and global markets.

This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments.

These operating segments have similar economic characteristics, including their gross margin.

Riviana Foods (Riviana)

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

CopRice

The manufacture, distribution and sale of bulk stockfeed to primary producers and packaged stockfeed and companion animal feed products through retail and wholesale channels to customers across Australia and select export markets.

Corporate

The Corporate segment captures the income and cost of holding and financing assets that are utilised by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands and access to milling, packing, storage and warehousing assets.

It also captures income and costs that are not allocated to other business segments, such as legal fees and costs associated with the ASX listing.

From time to time, the Corporate segment also receives dividends from some of the Group's subsidiaries. These transactions are eliminated in consolidation.

AGS is aggregated into the Corporate segment.

Performance

The Corporate Management Team evaluates results based on contributed NPBT, which is defined as net profit before tax and intersegment eliminations.

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.

Revenue from external customers is entirely recognised at a point in time.

Australian cash and borrowing balances are not allocated to operating segments, as the treasury and financing of Australian operations is centrally managed. This creates an asymmetry in information because fixed assets and working capital that are financed by borrowings are allocated to each operating segment.

Current and deferred tax balances are also not allocated to the operating segment's assets and liabilities.

The following table sets forth the segment results for the period ended 31 October 2018:

	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	214,383	208,800	52,961	59,139	79,630	22,017	636,930
Inter-segment revenue	(31,869)	(101)	(317)	-	(1,750)	(21,975)	(56,012)
Revenue from external customers	182,514	208,699	52,644	59,139	77,880	42	580,918
Other revenue							1,947
Total revenue from continuing operations							582,865
Contributed NPBT	-	(6,032)	3,712	3,538	5,963	15,362	22,543
Intersegment eliminations							(1,152)
Profit before income tax							21,391
Segment assets	356,858	264,918	46,589	73,544	55,707	201,845	999,461
Intersegment eliminations							(94,632)
Australian cash and cash equivalents							17,181
Current tax receivable							2,080
Deferred tax assets							18,658
Total assets							942,748

The following table sets forth the segment results for the period ended 31 October 2017:

	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	189,367	217,586	55,566	59,167	56,196	26,148	604,030
Inter-segment revenue	(30,234)	(211)	(293)	(214)	(3,791)	(26,022)	(60,765)
Revenue from external customers	159,133	217,375	55,273	58,953	52,405	126	543,265
Other revenue							1,634
Total revenue from continuing operations							544,899
Contributed NPBT	-	16,130	1,521	3,385	2,437	13,009	36,482
Intersegment eliminations							(1,106)
Profit before income tax							35,376
Segment assets	353,886	310,736	44,417	65,018	43,864	192,067	1,009,988
Intersegment eliminations							(164,483)
Australian cash and cash equivalents							30,417
Current tax receivable							5,205
Deferred tax assets							17,325
Total assets							898,452

Change in presentation compared to the prior period

Items of property, plant and equipment used by the Rice Pool segment were previously included in the Rice Pool segment's assets. Items of property, plant and equipment are now allocated to the segment that owns the assets as opposed to the segment that uses those assets. As a result, items of property, plant and equipment used by the Rice Pool segment are now allocated to the Corporate segment.

The impact of the change in presentation is as follows:

	Rice Pool	International Rice	Rice Food	Riviana	CopRice	Corporate	Total
	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Segment assets - reported	413,479	310,736	44,417	65,018	43,864	132,474	1,009,988
Segment assets - restated	353,886	310,736	44,417	65,018	43,864	192,067	1,009,988

16. Contingent liabilities

The estimated amount of contingent liabilities not provided for in the interim financial report of Ricegrowers Limited and its controlled entities are:

	31 October 2018	30 April 2018
	$000's	$000's
Letters of credit	28,144	26,758
Guarantee of bank advances	1,839	1,839
	29,983	28,597

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

17. Earnings per share

a. Basic and Diluted earnings per share

	31 October 2018	31 October 2017
	Cents	Cents
Basic and diluted earnings per share	23.3	41.4

b. Reconciliation of earnings per share

	31 October 2018	31 October 2017
	$000's	$000's
Profit for the half year	13,356	23,198

c. Weighted average number of B Class shares used as a denominator

	31 October 2018	31 October 2017
	000's	000's
Weighted average number of B Class shares - for basic and diluted earnings per share	57,368	56,022

18. Net tangible assets per share

	31 October 2018	31 October 2017
Net tangible asset backing per B Class share	$ 7.29	$ 7.13

19. Business combination

On 19 September 2018, Riviana Foods Pty Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Roza's Gourmet Pty Ltd (RG) for a cash consideration of $5,855,000.

RG is a specialist chilled sauces and dips manufacturer that was established in 1991. RG supplies product through retail relationships across more than 600 stores, mainly specialty stores such as delicatessens and smaller independent supermarkets, as well as meal kit solutions. The retail channel for RG's sauces and dips represents the majority of revenues.

One element of the Group's 2022 Growth Strategy is to strengthen existing profit businesses, such as Riviana, which have the potential to generate higher revenue and profits, and to deliver increased resilience to the Group through expansion and diversification. The RG acquisition is one of the first investments aligned with this strategy, by allowing Riviana to diversify its brands in order to grow its share of the platter or entertaining occasion, and by expanding its product offering into categories like dips and value-add food services.

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

	$000's
Cash and cash equivalents	83
Receivables	537
Inventory	573
Property, Plant and Equipment	521
Payables	(618)
Provisions	(165)
Deferred tax	82
Identifiable net assets acquired	1,013
Add: Goodwill and other intangible assets	4,842
Net assets acquired	5,855

The goodwill is attributable to RG's strong financial performance and synergies expected to arise after the Group's acquisition of the new subsidiary. Goodwill has been allocated to the Riviana Foods segment. None of the goodwill is expected to be deductible for tax purposes.

Due to the timing of the acquisition, the fair values of the assets acquired and liabilities assumed are marked as provisional at 31 October 2018 and will be finalised prior to 30 April 2019.

Acquisition related costs of $150,000 are included in other expenses in the consolidated income statement.

The acquired business contributed revenues of $1,207,000 and net profit after tax of $20,000 to the Group for the period from 19 September 2018 to 31 October 2018. If the acquisition had occurred on 1 May 2018, consolidated revenue and consolidated profit after tax for the half year ended 31 October 2018 would have been $4,339,000 and $341,000 respectively.

20. Events occurring after the balance sheet date

On 29 November 2018, the Group announced that, to cater for the anticipated reduced size of the 2019 rice crop due to very low water availability and high water prices, changes will be required at SunRice's Riverina milling, packing and warehouse operations over the coming eight months. The proposed operational changes and shift restructuring at the Deniliquin and Leeton Mills will be undertaken in a phased approach to match the production requirements created by the significantly reduced crop: the first phase will take effect from 2 January 2019 and the final phase will be effective from July/August 2019. The Group's focus is to work closely with the impacted people to explore all available options to minimise the number of job losses. These options will include re-locating staff, job sharing and temporary leave and the Group expects this process will result in the loss of under 100 positions.

The Directors are not aware of any other 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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 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 2018 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

11 January 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

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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 2018, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ricegrowers Limited. The group 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 group's financial position as at 31 October 2018 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*.

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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 group's financial position as at 31 October 2018 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
11 January 2019