RiceBran Technologies
Form S-1/A
December 11, 2013

As filed with the Securities and Exchange Commission on December 11, 2013
Registration Number 333-191448
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2 TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

RICEBRAN TECHNOLOGIES
(Exact Name of Registrant as Specified in its Charter)

California	2040	87-0673375
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

6720 N. Scottsdale Road, Suite # 390
Scottsdale, AZ 85253
(602) 522-3000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant’s Principal Executive Offices)

W. John Short
Chief Executive Officer
RiceBran Technologies
6720 N. Scottsdale Road, Suite # 390
Scottsdale, AZ 85253
(602) 522-3000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

with copies to:

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Approximate date of commencement of proposed sale to public: As soon as practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. T

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Larger accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	T

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)	Amount of registration fee
Common stock, no par value(2)(3)	$10,565,625	$1,360.86
Warrants to purchase common stock(2)	(4)	(5)
Shares of common stock underlying warrants(2)(3)	$13,207,032	$1,701.07
Representative's warrants (6)		(5)
Shares of common stock underlying Representative's warrants (3)(6)	$660,352	$85.06
Total	$24,433,009	$3,146.99(7)

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457(o) of the Securities Act of 1933, as amended (Securities Act).

(2) Includes 262,500 shares of common stock and warrants to purchase 262,500 shares of common stock which may be issued upon exercise of a 45-day option granted to the underwriters to cover over-allotments, if any.

(3) Pursuant to Rule 416 under the Securities Act of 1933, as amended, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(4) The warrants to be issued to investors hereunder are included in the price of the common stock above.

(5) No separate registration fee is required pursuant to Rule 457(g) promulgated under the Securities Act of 1933, as amended.

(6) Assumes the underwriters' over-allotment is fully exercised.

(7) Fees of $2,361.00 paid with previous filings.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL AND IS NOT A SOLICITATION OF AN OFFER TO BUY IN ANY STATE IN WHICH AN OFFER, SOLICITATION, OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED DECEMBER 11, 2013
PRELIMINARY PROSPECTUS

1,750,000 SHARES OF COMMON STOCK AND
WARRANTS TO PURCHASE 1,750,000 SHARES OF COMMON STOCK

We are offering 1,750,000 shares of our common stock, no par value per share, together with warrants to purchase 1,750,000 shares of our common stock.

One share of common stock is being sold together with a warrant, with each warrant being immediately exercisable for one share of common stock at an exercise price of $___ per share and will expire 60 months after the issuance date.

Our common stock is currently traded on the OTCQB Marketplace, operated by OTC Markets Group, under the symbol “RIBT”. We have applied to list our common stock and warrants on The NASDAQ Capital Market under the symbols “RIBT” and “RIBTW”, respectively. No assurance can be given that our application will be approved. On December 10, 2013, the last reported sales price for our common stock was $6.00 per share. On November 13, 2013, we effected a one-for-200 reverse split on our issued and outstanding shares of our common stock. All warrant, option, share and per share information in this prospectus gives retroactive effect to the one-for-200 reverse split.

INVESTING IN THE OFFERED SECURITIES INVOLVES RISKS, INCLUDING THOSE SET FORTH IN THE “RISK FACTORS” SECTION OF THIS PROSPECTUS BEGINNING ON PAGE 6. INVESTORS SHOULD ONLY CONSIDER AN INVESTMENT IN THESE SECURITIES IF THEY CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share(1)	Per Warrant(1)	Total
Public offering price	$	$	$
Underwriting discounts and commissions (2)	$	$	$
Proceeds, before expenses, to us(3)	$	$	$

(1) One share of common stock is being sold together with a warrant, with each warrant being exercisable for the purchase of one share of common stock.
(2) We have agreed to issue warrants to the underwriters and to reimburse the underwriters for certain expenses. See “Underwriting” on page 72 of this prospectus for a description of these arrangements.
(3) We estimate the total expenses of this offering will be approximately $565,000.

The underwriters expect to deliver our securities, against payment, on or about December __, 2013.

We have granted the underwriters a 45-day option to purchase up to 262,500 additional shares of common stock and/or additional warrants to purchase up to 262,500 additional shares of common stock from us at the offering price for each security, less underwriting discounts and commissions, to cover over-allotments, if any.

Sole Book Running Manager
Maxim Group LLC

Co-Managers
Chardan Capital Markets, LLC   Dawson James Securities, Inc.

The date of this prospectus is __________, 2013.

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PROSPECTUS SUMMARY

1,750,000 SHARES OF COMMON STOCK AND
WARRANTS TO PURCHASE 1,750,000 SHARES OF COMMON STOCK

ABOUT THIS PROSPECTUS

This summary highlights certain information appearing elsewhere in this prospectus. For a more complete understanding of this offering, you should read the entire prospectus carefully, including the risk factors and the financial statements. References in this prospectus to “we,” “us,” “our,” and “Company” refer to RiceBran Technologies and its subsidiaries. You should read both this prospectus and any prospectus supplement together with additional information described below under the heading "Where You Can Find More Information."

All warrant, option, share and per share information in this prospectus gives retroactive effect to a one-for-200 reverse stock split effective as of November 13, 2013.

ABOUT RICEBRAN TECHNOLOGIES

Corporate Information

Our principal executive office is located at 6720 N. Scottsdale Road, Suite # 390, Scottsdale, AZ 85253. Our telephone number is (602) 522-3000.

Company Overview

We are a human food ingredient, nutritional supplement and animal nutrition company that uses our proprietary and patented technologies for value-added processing of healthy, natural and nutrient dense products derived from raw rice bran (RRB), an underutilized by-product of the rice milling industry.

We have three reportable business segments: (i) USA, which manufactures and distributes stabilized rice bran (SRB) in various granulations along with other products derived from rice bran via proprietary and patented enzyme treatment processes; (ii) Brazil, which extracts crude rice bran oil (RBO) and defatted rice bran (DRB) from rice bran, which are then further processed into a number of valuable human food and animal nutrition products; and (iii) Corporate, which includes our corporate, administrative, regulatory and compliance functions.

The combined operations of our USA and Brazil segments encompass our bio-refining approach to processing RRB into various high quality value-added constituents and finished products. Over the past decade, we have developed and optimized our proprietary bio-refining processes to support the production of healthy, natural, hypoallergenic, gluten free, and non-genetically modified ingredients and supplements for use in human meats, baked goods, cereals, coatings, health foods, nutritional supplements, nutraceuticals and high-end animal nutrition and health products.

The manufacturing facilities included in our USA segment have proprietary processing equipment and patented technology for the stabilization and further processing of rice bran into a number of food ingredient and derivative products. The USA segment consists of two locations in California and two locations in Louisiana, all of which can produce SRB. One of the two Louisiana SRB facilities, located in Lake Charles, has been idle since May 2009. The USA segment also includes our Dillon, Montana Stage II facility which produces our Stage II products RiSolubles, a highly nutritious, carbohydrate and lipid rich fraction of SRB, RiFiber, a fiber rich derivative of SRB, RiBalance, a complete rice bran nutritional package derived from further processing SRB, ProRyza P-35, a water-dispersible 35% protein extract from SRB, and ProRyza PF-20/50, a 20% protein and 50% insoluble dietary fiber extract of SRB. Stage II refers to the patented processes run at our Dillon, Montana facility and the products produced at that facility using our patented processes. In 2013, approximately 55% of USA segment revenue is from sales of human ingredient and derivative products and the other 45% is from sales of animal nutrition products. We expect human ingredient and derivative product sales to grow more rapidly than sales of animal nutrition products in the future.

The Brazil segment's only operating subsidiary is our majority-owned subsidiary Industria Riograndens De Oleos Vegetais Ltda. (Irgovel), located in Pelotas, Brazil. Irgovel manufactures RBO and DRB products for both the human and animal food markets in Brazil and internationally. In refining RBO to an edible grade, several co-products are obtained. One such product is distilled fatty acids, a valuable raw material for the detergent industry. DRB is sold in bulk as animal feed and compounded with a number of other ingredients to produce complex animal nutrition products which are packaged and sold under Irgovel brands in the Brazilian market. In 2013, approximately 40% of Brazil segment product revenue is from sales of RBO products and 60% is from sales of DRB products. Irgovel is a wholly owned subsidiary of our holding company, Nutra SA, LLC (Nutra SA). We own 50.9% of Nutra SA with the remaining 49.1% held by our minority equity partner Alothon Group and its affiliated entities (collectively, the Investors). The Investors have certain rights associated with its equity ownership as more fully described in the "Ownership Interest in Nutra SA" under the "Business" section of this prospectus.

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With the proceeds from this offering, we will be positioned to capitalize on specific market conditions that we expect will increase market acceptance of our products and lead to increased growth and profitability. These market conditions include: (i) increased global demand for vegetable oil, (ii) increased demand for new protein sources, (iii) consumer demand for “clean” labels on food products, and (iv) demand for proprietary, evidence-based functional ingredients for nutraceuticals and functional foods.

Our growth strategy is multifaceted and involves: (i) expanding our nutraceuticals and functional foods (NFF) business through the acquisition and integration of H&N Distribution, Inc. (H&N), an established co-packaging company that serves the NFF industry, (ii) the expansion of our global distribution network, (iii) the expansion of existing productions facilities in both the USA and Brazil segments, (iv) the investment in the development and commercialization of rice bran products in China in partnership with Wilmar-International Limited, and (v) continuing to generate evidence-based functionality of our proprietary products.

Recent Developments

In April 2013, we entered into a series of agreements with various affiliates of Wilmar-International Limited (collectively, Wilmar) under which we agreed to license to Wilmar all of our patented and proprietary intellectual property and know-how for stabilizing and further processing rice bran, including technologies resulting from recent research and development efforts regarding extraction and concentration of protein from rice bran. In return, Wilmar agreed to license to us (i) its intellectual property with respect to processing of rice bran, and its derivatives, based on the intellectual property licensed to Wilmar for use worldwide, excluding China and (ii) its other intellectual property with respect to processing of rice bran, and its derivatives, for use worldwide, excluding certain countries in Asia. Under the agreements, we obtained the right to purchase up to 45% of the capital stock of any entity Wilmar establishes to develop new products relating to rice bran or its derivative using the intellectual property licensed to Wilmar.

In July 2013, we amended our exclusive distribution agreement with Beneo-Remy, a 100% owned subsidiary of Sudzucker AG, a German public company, under which Beneo-Remy will exclusively distribute our SRB product and non-exclusively distribute our other products to more than 40 countries in Europe, the Middle East, Africa and other geographies. The amended agreement provides for minimum purchases of approximately $8.8 million by Beneo-Remy during the 4 year term of the agreement. As of September 26, 2013, Beneo-Remy has made approximately $400,000 in purchases under the agreement.

In August 2013, we entered into a multi-year purchase agreement with a rapidly growing US-based direct sales company to purchase a minimum of approximately $7.65 million of one of our patented Stage II products during the 40 month term of the agreement.

In September 2013, we entered into an exclusive distribution agreement with a Taiwanese marketing and distribution company to market another of our patented Stage II products in Taiwan.

On September 24, 2013 and as amended on December 7, 2013, we entered into an acquisition and stock purchase agreement with H&N and the shareholders of H&N (the H&N Shareholders) pursuant to which the H&N Shareholders will sell 100% of the issued and outstanding shares of capital stock of H&N to us (the Purchase Agreement). H&N is engaged in the business of functional food blending and manufacturing, and the distribution of food ingredients and product. Under the Purchase Agreement, we agreed to purchase 100% of H&N capital stock for $2.0 million plus a promissory note for up to $3.25 million (subject to adjustment pursuant to the Purchase Agreement) and with an annual interest rate of 1%. We have the option to pay principal and accrued interest under the note in either cash or in our common stock. In the event we elect to pay the note in our common stock, payment must be made by the earlier of January 31, 2015 or within five business days following the issuance of shares to warrant holders under that certain warrant exchange agreement. The number of shares issued to the H&N Shareholders under the note will be based on the volume weighted average price (VWAP) of our common stock for the thirty trading days ending on the second business day immediately before our election to pay the note in shares of our common stock, but in no event shall such price be lower than $6.00 or higher than $12.00. If we elect to pay the note in cash, we agree to make equal quarterly payments commencing on March 31, 2015 and ending on December 31, 2018. During this payment period, the annual interest rate under the note will increase from 1% to 5% and shall further increase to 10% following January 31, 2016. At closing, H&N's current chief executive officer and founder, Mark McKnight, will join the Company as senior vice president of contract manufacturing and remain CEO of H&N. The closing of the Purchase Agreement remains subject to certain conditions including but not limited to the completion of our due diligence on H&N and our raising at least $7 million in net proceeds in a financing. A portion of the proceeds from this offering will be used to satisfy the cash purchase price at the closing of the Purchase Agreement. Upon closing of the transaction, H&N will become part of our USA segment.

By incorporating H&N's formulating and packaging capabilities into our business model, we expect to drive sales of our Stage II products into multiple NFF channels allowing us to capture not only single ingredient sales but also sales of blended finished products consisting predominantly of our ingredients blended with other products and sold as a finished product on a business to business basis.

Effective as of November 13, 2013, certain warrant holders agreed to exchange warrants to purchase 496,060 shares of common stock for 1,554,734 shares of our common stock (the Exchange). The warrant holders are committed to exchange their warrants which will be cancelled; however the shares will not be issued until after our next shareholder meeting, which must occur prior to July 1, 2014 and at which time we will request to increase our authorized shares of common stock, provided our shareholders approve such increase. Additionally, the holders of our subordinated convertible notes agreed to amend their notes to reduce the interest rate under the notes to five percent (5%) from ten percent (10%) and to remove the conversion feature and anti-dilutive protections under the note. If the shareholders do not approve to increase the authorized number of shares of common stock by July 1, 2014 (as discussed above), the interest rate on the notes will increase to ten percent (10%). Finally, an investor purchased an additional $200,000 note on November 14, 2013, and an additional $300,000 note on November 27, 2013, each of which would bear five percent (5%) interest with a July 31, 2016 maturity date, in exchange for the Company issuing the investor 134,250 shares of common stock; however the shares will not be issued until after our shareholders approve an increase in our authorized shares of common stock which increase we have agreed to request by July 1, 2014. The Exchange and amendments to the notes are contingent upon our raising of at least $7.0 million in this offering and the listing of our common stock and the warrants sold in this offering on a national securities exchange. In the event the issuance of shares under the Exchange will constitute an issuance of 20% or more of our outstanding shares of common stock, we will also be required to obtain shareholder approval of the Exchange in accordance with the current NASDAQ Capital Market listing requirements before issuing any shares under the Exchange.

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All warrant, option, share and per share information in this prospectus gives retroactive effect to a one-for-200 reverse stock split effective as of November 13, 2013.

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SUMMARY OF THE OFFERING

Securities offered:	1,750,000 shares of our common stock together with warrants to purchase 1,750,000 shares of our common stock at an exercise price of $[*] per share. The warrants will be immediately exercisable and will expire 60 months after the issuance date.
Common stock outstanding before the offering (1):	1,152,452 shares
Common stock to be outstanding after the offering (1)(2):	2,902,452 shares
Underwriter's Over-Allotment Option:	The Underwriting Agreement provides that we will grant to the underwriter an option, exercisable within 45 days after the closing of this offering, to acquire up to an additional 15% of the total number of common stock and/or warrants to be offered by us pursuant to this offering, solely for the purpose of covering over-allotments.

Use of proceeds: We intend to use a portion of the net proceeds from this offering for the following purposes:

- approximately $2,000,000 to fund the cash portion of the purchase price for the acquisition of H&N;
- a minimum of $3,000,000 and a maximum of $5,000,000 for an additional capital contribution to Nutra SA to fund operations at its operating subsidiary Irgovel, including the planned capital expansion project, based upon the amount of net proceeds raised in this offering;
- approximately $500,000 for capital expenditures at US plants;
- approximately $600,000 for repayment of certain accounts payables for professional service;
- approximately $200,000 to pay accrued interest owed and due to certain subordinated convertible note holders; and
- approximately $150,000 to pay deferred board of director fees.

OTCQB Symbol: RIBT

Proposed Listing and Symbol:	We have applied for listing of our common stock and the warrants sold in this offering on The NASDAQ Capital Market under the symbol "RIBT" and "RIBTW", respectively.
Risk Factors:	Investing in our securities involves substantial risks. You should carefully review and consider the "Risk Factors" section of this prospectus beginning on page 6 and the other information in this prospectus for a discussion of the factors you should consider before you decide to invest in this offering.
Reverse Split:	All warrant, option, share and per share information in this prospectus gives retroactive effect to a one-for-200 reverse stock split effective as of November 13, 2013.

(1) The number of shares of our common stock outstanding excludes the following:

- 176,932 shares of common stock issuable upon exercise of outstanding stock options, at a weighted average exercise price of $24.60 per share, under our equity incentive plans;

- Assuming we raise at least $7.0 million in this offering, 223,067 shares of common stock issuable upon exercise of outstanding warrants, with current exercise prices ranging from $14.00 per share to $46.80 per share. Warrants for 208,038 of these shares contain anti-dilution provisions that cause the exercise price to decrease automatically if we issue shares of our common stock or securities convertible into shares of our common stock at prices below either $16.00 or $14.00;

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- 1,750,000 shares of common stock issuable upon exercise of the warrants issued to the public in connection with this offering; and
- Assuming the over-allotment option is fully exercised, 100,625 shares of common stock issuable upon exercise of the warrants to be received by the underwriters in connection with this offering.

(2) The total number of shares of our common stock outstanding after this offering is based on 1,152,452 shares outstanding as of December 10, 2013 and excludes (i) 1,554,734 shares of common stock to be issued by July 1, 2014 to certain warrant holders in exchange for the cancellation of warrants to purchase up to 496,060 shares of common stock, and (ii) 134,250 shares to be issued by July 1, 2014 to a note investor.

Except as otherwise indicated herein, all information in this prospectus assumes the underwriter does not exercise the over-allotment option and the warrants offered hereby are not exercised.

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RISK FACTORS

You should carefully consider and evaluate all of the information in this prospectus, including the risk factors listed below. Risks and uncertainties in addition to those we describe below, that may not be presently known to us, or that we currently believe are immaterial, may also harm our business and operations. If any of these risks occur, our business, results of operations and financial condition could be harmed, the price of our common stock could decline, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements contained in this prospectus.

Risks Relating to Our Business

Our significant losses and negative cash flow raise questions about our ability to continue as a going concern.

Our net cash used in operating activities was approximately $4.8 million in 2012 and approximately $2.5 million for the first nine months of 2013. We may not be able to achieve revenue growth, profitability or positive cash flow, on either a quarterly or annual basis, and that profitability, if achieved, may not be sustained. If we are unable to achieve or sustain profitability, we may not be financially viable in the future and may have to curtail, suspend, or cease operations, restructure existing operations to attempt to ensure future viability, or pursue other alternatives such as re-filing for bankruptcy, pursuing dissolution and liquidation, seeking to merge with another company, selling all or substantially all of our assets or raising additional capital through equity or debt financings. Because of our recurring losses and negative cash flows from operations, the audit report of our independent registered public accountants on our consolidated financial statements for 2012 contains an explanatory paragraph stating that there is substantial doubt about our ability to continue as a going concern.

We have not yet achieved positive cash flows.

We have generated negative operating cash flows since our inception. We continue to assess our business to identify core and non-core assets. To raise additional cash funding we may be required to sell non-core assets and/or business units although there are no current plans do so. Additionally, we will need to reduce operating expenses and increase cash flow to fund current operations in our USA segment if we are not able to fund these operations by raising additional capital through equity or debt financings.

We have generated significant losses since our inception in 2000, and losses in the future could cause the trading price of our stock to decline or have a material adverse effect on our financial condition, our ability to pay our debts as they become due and on our cash flows.

Since we began operations in February 2000, we have incurred an accumulated deficit in excess of $200 million. We may not be able to achieve or maintain profitable operations if achieved. If our losses continue, our liquidity may continue to be severely impaired, our stock price may fall and our shareholders may lose all or a significant portion of their investment. If we are not able to attain profitability in the near future our financial condition could deteriorate further which could have a material adverse impact on our business and prospects and result in a significant or complete loss of your investment. Further, we may be unable to pay our debt obligations as they become due, which include obligations to secured creditors.

We may need to raise additional funds through debt or equity financings in the future to achieve our business objectives and to satisfy our cash obligations, which would dilute the ownership of our existing shareholders and possibly subordinate certain of their rights to the rights of new investors.

In addition to the funds raised in this offering, we likely will need to raise additional funds through debt or equity financings in order to complete our ultimate business objectives. We also may choose to raise additional funds in debt or equity financings if they are available to us on reasonable terms to increase our working capital, strengthen our financial position or to make acquisitions. Our board of directors (the Board) has the ability, without seeking shareholder approval, to issue convertible debt and additional shares of common stock or preferred stock that is convertible into common stock for such consideration as the board of directors may consider sufficient, which may be at a discount to the market price. Any sales of additional equity or convertible debt securities would result in dilution of the equity interests of our existing shareholders, which could be substantial. Additionally, if we issue shares of preferred stock or convertible debt to raise funds, the holders of those securities might be entitled to various preferential rights over the holders of our common stock, including repayment of their investment, and possibly additional amounts, before any payments could be made to holders of our common stock in connection with an acquisition of us. Such preferred shares, if authorized, might be granted rights and preferences that would be senior to, or otherwise adversely affect, the rights and the value of our common stock. Also, new investors may require that we and certain of our shareholders enter into voting arrangements that give them additional voting control or representation on our board of directors.

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We have had material weaknesses in our internal control over financial reporting in the past. Any material weaknesses in our internal control over financing reporting in the future could adversely affect investor confidence, impair the value of our common stock and increase our cost of raising capital.

In our Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 30, 2012, our management identified material weaknesses in our internal control over financial reporting at our Brazilian subsidiary, Irgovel. While we believe we have since remediated such weaknesses, any future failure to remedy deficiencies in our internal control over financial reporting that may be discovered or our failure to implement new or improved controls, or difficulties encountered in the implementation of such controls, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could, in turn, affect the future ability of our management to certify that internal control over our financial reporting is effective. Inferior internal control over financial reporting could also subject us to the scrutiny of the SEC and other regulatory bodies which could cause investors to lose confidence in our reported financial information and could subject us to civil or criminal penalties or shareholder litigation, which could have an adverse effect on our results of operations and the trading price of our common stock.

In addition, if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our share price. Furthermore, deficiencies could result in future non-compliance with Section 404 of the Sarbanes-Oxley Act of 2002. Such non-compliance could subject us to a variety of administrative sanctions, including review by the SEC or other regulatory authorities.

There are significant market risks associated with our business.

We have formulated our business plan and strategies based on certain assumptions regarding the size of the rice bran market, our anticipated share of this market, the estimated price and acceptance of our products and other factors. These assumptions are based on our best estimates, however our assessments may not prove to be correct. Any future success may depend upon factors including changes in the dietary supplement industry, governmental regulation, increased levels of competition, including the entry of additional competitors and increased success by existing competitors, changes in general economic conditions, increases in operating costs including costs of rice bran, production, supplies, personnel, equipment, and reduced margins caused by competitive pressures. Many of these factors are beyond our control.

We have entered into an acquisition and stock purchase agreement to acquire H&N, but such agreement may not lead to an acquisition of H&N.

On September 24, 2013, and as amended on December 7, 2013, we entered into the Purchase Agreement with the shareholders of H&N, a company involved in functional food blending and manufacturing, and the distribution of food ingredients and products. Although the Purchase Agreement is binding on all parties, the closing (and our acquisition of H&N) remains subject to several conditions, including completion of due diligence, absence of material adverse changes to H&N and other conditions set forth in the agreement including the consummation of a financing by us of at least $7.0 million. Therefore, we may not close the acquisition in a timely manner, or at all. Once the acquisition is consummated, we will face the integration risks discussed below, and it is not known how third parties, competitors, and costumers will respond to the acquisition.

We may face difficulties integrating businesses we acquire.

As part of our strategy, we expect to review opportunities to buy other businesses or technologies, such as the acquisition of H&N, that would complement our current products, expand the breadth of our markets or enhance technical capabilities, or that may otherwise offer growth opportunities. The H&N acquisition and other acquisitions involve numerous risks, including:

- problems combining the purchased operations, technologies or products;
- unanticipated costs;
- diversion of management's attention from our core business;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience; and
- potential loss of key employees of purchased organizations.

We may not be able to successfully integrate H&N or any other businesses, products, technologies or personnel that we might acquire in the future.

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We have significant foreign operations and there are inherent risks in operating overseas.

An important component of our business strategy is to build rice bran stabilization and rice bran oil facilities in foreign countries and to market and sell our products internationally. For example, we have an operation in Brazil which manufactures rice bran oil. There are risks in operating facilities in foreign countries because, among other reasons, we may be unable to attract sufficient qualified personnel, intellectual property rights may not be enforced as we expect, and legal rights may not be available as contemplated. Should any of these risks occur, our ability to expand our foreign operations may be materially limited and we may be unable to maximize the output from these facilities and our financial results may decrease from our anticipated levels. The inherent risks of international operations could materially adversely affect our business, financial condition and results of operations. The types of risks faced in connection with international operations and sales include, among others:

- cultural differences in the conduct of business;
- fluctuations in foreign exchange rates;
- greater difficulty in accounts receivable collection and longer collection periods;
- challenges in obtaining and maintaining financing;
- impact of recessions in economies outside of the United States;
- reduced or obtainable protection for intellectual property rights in some countries;
- unexpected changes in regulatory requirements;
- tariffs and other trade barriers;
- political conditions in each country;
- management and operation of an enterprise spread over various countries;
- the burden and administrative costs of complying with a wide variety of foreign laws; and
- currency restrictions.

Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and results of operations.

The Brazilian economy has historically been characterized by interventions by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. For example, the government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future.

Our Brazilian segment's business, results of operations, financial condition and prospects may be adversely affected by, among others, the following factors:

- exchange rate movements;
- exchange control policies;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in GDP;
- inflation;
- tax policies;
- other economic political, diplomatic and social developments in or affecting Brazil;
- interest rates;
- energy shortages;
- liquidity of domestic capital and lending markets;
- changes in environmental regulation; and
- social and political instability.

Our interests in Nutra SA are subject to certain drag along rights and we may receive little or no proceeds from such sale.

The Investors have the right to force the sale of all Nutra SA assets after the earlier of January 1, 2015, or upon the failure to process a certain level of rice bran in the second and third quarters of 2014. Should the Investors desire to sell 100% of Nutra SA to a third party, we are obligated to cooperate in the negotiation and sale of Nutra SA in accordance with the terms of such sale as agreed to thereby. In the event of a sale, the Investors are entitled to a preferential return of any proceeds received from the sale of Nutra SA in an amount equal to a minimum of 2.0 times and a maximum of 2.5 times such investors' unreturned capital which will be distributed first to such investors until the preferential return has been paid in full. The unreturned capital balance for the Investors at the date of this prospectus is approximately $14.3 million. Because of these drag along rights, we will only receive a certain portion of the proceeds if the sales proceeds are greater than the amount of such preferential return, and it is possible that we will receive no or little proceeds from the sale of Nutra SA.

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The capital expansion project and planned temporary shutdown at our Irgovel facility could adversely affect our business, financial condition or results of operations.

Irgovel is currently undergoing a capital expansion project involving installation of new equipment and improvements to existing infrastructure. As a result of the project, we expect production at the Irgovel facility to shutdown for approximately six to eight weeks while certain new equipment is brought on line. The timing of this shutdown is scheduled to occur in late December 2013, and is subject to change based on availability of funds, the timing of the delivery of equipment from suppliers, the availability of installers and other factors. Where possible, we intend to stockpile certain inventory for sale during the period the plant is shutdown. However, this inventory may not be adequate to timely fulfill all outstanding orders during this period. In addition, during such shutdown, we will have to continue to expend capital to maintain the Irgovel facility and equipment. Facility shutdown and subsequent restart expenses may adversely affect our operating results in the period when these events occur.

The installation of new equipment at the Irgovel facility involves significant uncertainties. For example, our new equipment may not perform as expected or may differ from design and/or specifications. If we are required to redesign or modify the equipment to ensure that it performs as expected, we may need to further shutdown the facility until the equipment has been redesigned or modified as necessary. The costs related to the capital expansion project are uncertain and the costs may increase beyond those projected. Any of the foregoing risks associated with the capital expansion project could lead to lower revenues or higher costs or otherwise have a negative impact on our future results of operations and financial condition.

If we fail to fund the Irgovel capital expansion project, the Investors may obtain certain rights with respect to Irgovel, including the right to participate in the operations of Irgovel.

Irgovel will need additional financing and/or capital to complete the capital expansion project and meet working capital needs during the planned shutdown. If we fail to purchase at least an additional $3.0 million of units in Nutra SA between November 1 and December 31, 2013, an event of default will be automatically declared on January 1, 2014. Upon an event of default, the Investors have certain rights, including the right to force the sale of all of Nutra SA's assets and the right to substantively participate in the operations of Irgovel and Nutra SA. In addition, the amount the Investors are entitled to as a preferential return of any proceeds received from the sale of Nutra SA may increase.

Irgovel has certain financial and operating performance obligations which if not met may lead to us losing management control over Irgovel.

Under the limited liability company agreement for Nutra SA, as amended, Irgovel must satisfy certain financial performance requirements in order for us to maintain control over Irgovel. These financial performance requirements include Irgovel's satisfaction of revenue, earnings and net debt targets described in the membership interest purchase agreement, as amended. In addition, Irgovel must meet certain minimum processing targets beginning in the second quarter of 2014 and achieve EBITDA of at least $4.0 million beginning in 2014. If Irgovel fails to meet these financial requirements, we could lose management control over Irgovel's operations, and management control would transfer to the other investors in Nutra SA. Any such change in management control would cause us to no longer consolidate Irgovel's financial results with our financial results. Instead, we would be required to account for Irgovel as an equity investment on our balance sheets which may negatively impact our share price.

Our business could be affected adversely by labor disputes, strikes or work stoppages in Brazil.

All of our employees at our Irgovel facility in Brazil are represented by a labor union and are covered by a collective bargaining agreement. As a result, we are subject to the risk of labor disputes, strikes, work stoppages and other labor-relations matters. Our collective bargaining agreement in Brazil has a one-year term and requires that we provide wage adjustments each year. We may be unable to negotiate new collective bargaining agreements on similar or more favorable terms and may experience work stoppages or other labor problems in the future. We could experience a disruption of our operations or higher ongoing labor costs, which could have a material adverse effect on our operating results and financial condition, potentially resulting in cancelled orders by customers, unanticipated inventory accumulation or shortages and reduced revenues and net income.

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Fluctuations in foreign currency exchange could adversely affect our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including primarily the Brazilian Real. Currently, a significant portion of our revenues and expenses occur in our Brazilian subsidiary, Irgovel. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect historically, during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against the Brazilian Real and any other currency which affects a material amount of our operations, will affect our revenues, cost of sales, gross profit (loss), operating expenses, or other income and expenses and the value of balance sheet items denominated in foreign currencies. These fluctuations may have a material adverse effect on our financial results. Disruptions in financial markets may result in significant changes in foreign exchange rates in relatively short periods of time which further increases the risk of an adverse currency effect. Since we plan to expand our international operations, we will likely increase our exposure to foreign currency risks. We do not hedge our currency risk, and do not expect to, as currency hedges are expensive and do not necessarily reduce the risk of currency fluctuations over longer periods of time.

We depend on a limited number of customers.

In the USA segment, during 2012 and the nine months ended September 30, 2013, three customers accounted for approximately 40% of segment revenues and the top ten customers accounted and 63% and 62% of segment revenues, respectively. As of December 31, 2012 and September 30, 2013, in the USA segment, the top ten customers accounted for 77% and 66% of segment accounts receivable, respectively.

In the Brazil segment, during 2012 and the nine months ended September 30, 2013, three customers accounted for 38% and 31% of segment revenues, respectively, and our top ten customers accounted for 57% and 47% of segment revenues, respectively. As of December 31, 2012 and September 30, 2013, in the Brazil segment, the top ten customers accounted for 75% and 39% of segment accounts receivable

The inability of our significant customers to meet their obligations to us may adversely affect our financial results.

We are subject to credit risk due to concentration of our trade accounts receivables. Although the accounts of our significant customers are current, the inability of our significant customers and obligors to meet their future obligations to us, may adversely affect our financial condition and results of operations.

We may encounter difficulties in maintaining relationships with distributors and customers while enforcing our credit policies.

We define credit risk as the risk of loss from obligors or counterparty default. Our credit risks arise from both distributors and consumers. Many of these risks and uncertainties are beyond our control. Our ability to forecast future trends and spot shifts in consumer patterns or behavior even before they occur are vital for success in today's economy. In managing risk, our objective is to protect our profitability, but also to protect, to the extent we can, our ongoing relationships with our distributors and customers. However, as part of our credit risk policies, we occasionally must, among other things, cancel, reduce credit limits and place cash only requirements for certain questionable accounts. These credit risk policies may negatively impact our relationships with our distributors and customers, which could adversely affect our results of operations.

We rely upon a limited number of product offerings.

The majority of the products that we have sold through September 30, 2013 have been based on SRB produced at our US facilities and RBO extracted at Irgovel. A decline in the market demand for our SRB and RBO products or the products of other companies utilizing our SRB and RBO products, would have a significant adverse impact on us.

Our ability to generate sales is dependent upon our ability to continue our ongoing marketing efforts to raise awareness of our products and benefits of rice bran products generally.

We are dependent on our ability to market products to animal food producers, food manufacturers, mass merchandisers and health food retailers, and to other companies for use in their products. We must increase the level of awareness of dietary supplements in general and our products in particular. We will be required to devote substantial management and financial resources to these marketing and advertising efforts and such efforts may not be successful. Further, because of our current cash position, we may face difficulties maintaining a sales force sufficient to effectively market our products as intended.

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Our ability to adapt to sudden increases in demand of our product is limited by an adequate supply of raw rice bran and our ability to find additional facilities for production.

Many of our current products depend on our proprietary technology using raw rice bran, which is a by-product from milling paddy rice to white rice. Our ability to manufacture SRB is currently limited to the production capability of our equipment located at our two suppliers' rice mills in California and our own plant located adjacent to our supplier in Mermentau, Louisiana. At the facilities and our value-added product plants in Dillon, Montana and our facility in Pelotas, Brazil, we currently are capable of producing enough finished products to meet current demand. If demand for our products were to increase dramatically in the future, we would need additional production capacity which may take time and may expose us to additional long term operating costs.

We may not be able to continue to secure adequate sources of raw rice bran to meet our future demand. Since rice bran has a limited shelf life, the supply of rice bran is affected by the amount of rice planted and harvested each year. If economic or weather conditions adversely affect the amount of rice planted or harvested, the cost of rice bran products that we use may increase. We are not always able to immediately pass cost increases to our customers and any increase in the cost of SRB products could have an adverse effect on our results of operations.

We face competition from other companies that produce bran, grains and other alternative ingredients with similar benefits as our rice brans.

Competition in our targeted industries, including nutraceuticals, functional food ingredients, rice bran oils, animal feed supplements and companion pet food ingredients is vigorous, with a large number of businesses engaged in the various industries. Many of our competitors have established reputations for successfully developing and marketing their products, including products that incorporate bran from other cereal grains and other alternative ingredients that are widely recognized as providing similar benefits as rice bran. In addition, many of our competitors have greater financial, managerial, and technical resources than we do. If we are not successful in competing in these markets, we may not be able to attain our business objectives.

We must comply with our contractual obligations.

We have numerous ongoing contractual obligations under various purchase, sale, supply, production and other agreements which govern our business operations. We also have contractual obligations which require ongoing payments such as various debt agreements and lease obligations and the agreement of Irgovel to pay tax obligations to the Brazilian government. While we seek to comply at all times with these obligations, we may not be able to comply with the terms of all contracts during all periods of time, especially if there are significant changes in market conditions or our financial condition. If we are unable to comply with our material contractual obligations, there likely would be a material adverse affect on our financial condition and results of operations.

We have a high concentration of credit risk.

We currently depend on a limited number of customers. This results in a concentration of credit risk with respect to our outstanding accounts receivable. We consider the financial strength of the customer, the remoteness of the possible risk that a default event will occur, the potential benefits to our future growth and development, possible actions to reduce the likelihood of a default event and the benefits from the transaction before entering into a large credit limit for a customer. Although we analyze these factors, the ultimate collection of the obligation from the customer may not occur. Although we continue to expand our customer base in an attempt to mitigate the concentration of credit risk, the writing off of an accounts receivable balance could have an adverse effect on our results of operations. Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash and cash equivalents and trade receivables. Historically, we have not experienced any loss of our cash and cash equivalents, but we have experienced losses to our trade receivables.

We are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints both domestically and abroad and our failure to comply with these laws, regulations and constraints could lead to the imposition of significant penalties or claims, which could harm our financial condition and operating results.

In both the U.S. and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, sale and storage of our products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, state or local levels in the United States and at all levels of government in foreign jurisdictions. The dietary supplement and cosmetic industries are subject to considerable government regulation, both as to efficacy as well as labeling and advertising. We are subject to regulation by one or more federal agencies including the U.S. Food and Drug Administration (FDA), the U.S. Federal Trade Commission (FTC), and the U.S. Department of Agriculture (USDA), state and local authorities and foreign governmental agencies including the Brazilian National Health Surveillance Agency. There can be no assurance that we are in compliance with all of these regulations. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of our products, resulting in significant loss of sales revenues. Our failure to comply with these current and new regulations could lead to the imposition of significant penalties or claims, limit the production or marketing of any non-compliant products or advertising and could negatively impact our business.

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We may be subject to product liability claims and product recalls.

We sell food and nutritional products for animal and human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration of food products. We may be subject to liability if the consumption of any of our products causes injury, illness or death. We maintain a product liability policy for $5.0 million per year in the aggregate. In addition, we may voluntarily recall products in the event of contamination or damage. A significant product liability judgment or a widespread product recall may cause a material adverse affect on our financial condition. Even if a product liability claim is unsuccessful, there may be negative publicity surrounding any assertion that our products caused illness or injury which could adversely affect our reputation with existing and potential customers.

Many of the risks of our business have only limited insurance coverage and many of our business risks are uninsurable.

Our business operations are subject to potential product liability, environmental, fire, employee, manufacturing, shipping and other risks. Although we have insurance to cover some of these risks, the amount of this insurance is limited and includes numerous exceptions and limitations to coverage. In the event we were to suffer a significant uninsured claim, our financial condition would be materially and adversely affected.

Our success depends in part on our ability to obtain, enforce and protect our patents, licenses and other intellectual property rights for our products and technology.

Our success is dependent upon our ability to protect and enforce the patents, trade secrets and trademarks that we have and to develop and obtain new patents and trademarks for future processes, machinery, compounds and products that we develop. The process of seeking patent protection may be long and expensive, and patents might not be issued or not be broad enough in scope. We may not be able to protect our technology adequately, and our competition may be able to develop similar technology that does not infringe or encroach upon any of our rights.

There currently are no claims or lawsuits pending or threatened against us regarding possible infringement claims, but infringement claims by third parties, or claims for indemnification resulting from infringement claims, could be asserted in the future or that such assertions, if proven to be accurate, could have a material adverse affect on our business, financial condition and results of operations. In the future, litigation may be necessary to enforce our patents, to protect our trade secrets or know-how or to defend against claimed infringement of the rights of others and to determine the scope and validity of the proprietary rights of others. Any litigation could result in substantial cost and diversion of our efforts and other resources, which could have a material adverse affect on our financial condition and results of operations. Adverse determinations in any litigation could result in the loss of our proprietary rights, subjecting us to significant liabilities to third parties, require us to seek licenses from third parties or prevent us from manufacturing or selling our systems, any of which could have a material adverse affect on our financial condition and results of operations. A license under a third party’s intellectual property rights might not be available to us on reasonable terms, if at all.

We are dependent on key employees.

Our success depends upon the efforts of our top management team and certain other key employees, including the efforts of John Short (Chief Executive Officer), Dale Belt (Chief Financial Officer), Dave Hutchinson (Senior Vice President of Operations), and Robert Smith, PhD (Senior Vice President of Sales and Business Development). Although we have written employment agreements with our CEO and CFO, such individuals could die, become disabled, or resign. In addition, our success is dependent upon our ability to attract and retain key management persons for positions relating to the marketing and distribution of our products. We may not be able to recruit and employ such executives at times and on terms acceptable to us. Also, volatility, lack of positive performance in our stock price and changes in our overall compensation program, including our equity incentive program, may adversely affect our ability to retain such key employees.

Compliance with corporate governance and public disclosure regulations may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, and new regulations issued by the SEC, such as Dodd-Frank, are creating uncertainty for companies. In order to comply with these laws, we may need to invest substantial resources to comply with evolving standards, and this investment would result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Our officers and directors have limited liability and have indemnification rights.

Our articles of incorporation and bylaws provide that we may indemnify our officers and directors against losses sustained or liabilities incurred which arise from any transaction in that officer's or director's respective managerial capacity unless that officer or director violates a duty of loyalty, did not act in good faith, engaged in intentional misconduct or knowingly violated the law, approved an improper dividend, or derived an improper benefit from the transaction.

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Risks Relating to this Offering

We may allocate net proceeds from this offering in ways which differ from our estimates based on our current plans and assumptions discussed in the section entitled "Use of Proceeds" and with which you may not agree.

The allocation of net proceeds of the offering set forth in the "Use of Proceeds" section below represents our estimates based upon our current plans and assumptions regarding industry and general economic conditions, our future revenues and expenditures. The amounts and timing of our actual expenditures will depend on numerous factors, including market conditions, cash generated by our operations, business developments and related rate of growth. We may find it necessary or advisable to use portions of the proceeds from this offering for other purposes. Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used are discussed in the section entitled "Use of Proceeds" below. You may not have an opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use our proceeds. As a result, you and other stockholders may not agree with our decisions. See "Use of Proceeds" section for additional information.

Future sales by our stockholders may adversely affect our stock price and our ability to raise funds in new stock offerings.

Sales of our common stock by our stockholders and warrant or option holders following this offering could lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all. Of the 1,152,452 shares of common stock outstanding as of December 10, 2013, all but approximately 125,251 of which are, or will be, freely tradable without restriction, unless held by our "affiliates." Some of these shares may be resold under Rule 144 of the Securities Act of 1933, as amended. Assuming we raise at least $7.0 million in this offering, the sale of 399,999 shares issuable upon exercise of outstanding options and warrants as of November 18, 2013 could also lower the market price of our common stock.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of up to 1,750,000 shares of common stock and corresponding warrants offered in this offering at a public offering price of $___ per share, and after deducting underwriter commissions and estimated offering expenses payable by us, investors in this offering can expect an immediate dilution of $___ per share, or ___%, at the public offering price, assuming no exercise of the warrants. In addition, in the past, we issued options and warrants to acquire shares of common stock and may need to do so in the future to support our operations. To the extent these options and/or warrants are ultimately exercised, you will sustain future dilution.

In addition, contingent upon our raising of at least $7.0 million in this offering and the listing of our common stock and warrants on a national securities exchange, certain warrant holders agreed to exchange warrants to purchase up to 496,060 shares of common stock for 1,554,734 shares of our common stock and an investor purchased an additional $200,000 note November 14, 2013 and an additional $300,000 note in exchange for the Company issuing the investor 134,250 shares of common stock. The shares described above will not be issued until our shareholders approve an increase in our authorized shares of common stock which increase we have agreed to request by July 1, 2014.

Holders of warrants will have no rights as common stockholders until such holders exercise their warrants and acquire our common stock.

Until holders of warrants acquire shares of our common stock upon exercise of the warrants, holders of warrants will have no rights with respect to the shares of our common stock underlying such warrants. Upon exercise of the warrants, the holders will be entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the exercise date.

Risks Relating to Our Stock

Our stock price is volatile.

The market price of our common stock has fluctuated significantly in the past and may continue to fluctuate significantly in the future. Our common stock trades on the OTCQB. Our common stock is thinly traded and subject to volatility in price and demand. See “Price Range of Our Common Stock”.

The market price of the common stock and the warrants sold in this offering, may continue to fluctuate in response to a number of factors, including:

· announcements of new products or product enhancements by us or our competitors;
· fluctuations in our quarterly or annual operating results;
· developments in our relationships with customers and suppliers;
· our ability to obtain financing;

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- the loss of services of one or more of our executive officers or other key employees;
- announcements of technological innovations or new systems or enhancements used by us or our competitors;
- developments in our or our competitors' intellectual property rights;
- adverse effects to our operating results due to impairment of goodwill;
- failure to meet the expectation of securities analysts' or the public;
- general economic and market conditions;
- our ability to expand our operations, domestically and internationally;
- the amount and timing of expenditures related to any expansion;
- litigation involving us, our industry or both;
- actual or anticipated changes in expectations by investors or analysts regarding our performance; and
- price and volume fluctuations in the overall stock market from time to time.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Our stock price is volatile and we have been the target of shareholder litigation. Any shareholder litigation brought against us in the future could result in substantial costs and divert our management's attention and resources from our business.

We have significant "equity overhang" which could adversely affect the market price of our common stock and impair our ability to raise additional capital through the sale of equity securities.

As of December 10, 2013, we had 1,152,452 shares of common stock outstanding. Additionally, as of December 10, 2013, 1,327,097 shares of our common stock were issuable upon exercise or conversion of outstanding options, warrants and convertible debt. The possibility that substantial amounts of our common stock may be sold by investors or the perception that such sales could occur, often called "equity overhang," could adversely affect the market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Contingent upon our raising of at least $7.0 million in this offering and the listing of our common stock and warrants on a national securities exchange, certain warrant holders agreed to exchange warrants to purchase up to 496,060 shares of common stock for 1,554,734 shares of our common stock and an investor purchased an additional $200,000 note November 14, 2013, and an additional $300,000 note November 27, 2013 in exchange for the Company issuing the investor 134,250 shares of common stock. The consummation of the exchange of warrants for common stock and the additional shares issued to the note investor would significantly increase the amount of our common stock outstanding and the amount of the equity overhang.

Our outstanding options, warrants and convertible notes may dilute current shareholders.

As of December 10, 2013, there were outstanding options, warrants and convertible debt that are exercisable for a total of 1,327,097 shares of our common stock.

Assuming we raise at least $7.0 million in this offering, we will have 223,067 shares of common stock issuable upon exercise of outstanding warrants, with current exercise prices ranging from $14.00 per share to $46.80 per share, which contain anti-dilution provisions that cause the exercise prices and conversion prices of the warrants and convertible debt to decrease automatically if we issue shares of our common stock or securities convertible into shares of our common stock at prices below the exercise and conversion prices of these warrants and convertible debt. These adjustments automatically cause the number of shares issuable upon exercise of these warrants and convertible debt to proportionately increase. Any such adjustment would materially dilute the holders of our common stock.

Our interests in certain of our subsidiaries have been pledged to secure obligations under certain credit agreements.

We have issued convertible notes which are secured against substantially all of the assets of certain of our subsidiaries. In the event of default under such notes and debentures, the holders may foreclose upon such interests to secure the obligations under the notes and debentures.

If we do not obtain shareholder approval to increase the number of our authorized shares of common stock in an amount sufficient to issue shares to certain warrant holders who agreed to exchange their warrants for shares of common stock and to a note holder in consideration for investing in additional notes issued by us, then an event of default would be triggered under those agreements.

On November 13, 2013, certain warrant holders agreed to exchange warrants to purchase 496,060 shares of common stock for 1,554,734 shares of our common stock. In addition, an investor purchased an additional $200,000 note and an additional $300,000 note, each of which bears a five percent (5%) interest with a July 31, 2016 maturity date, in exchange for the Company issuing the investor 134,250 shares of common stock. Pursuant to the above agreements, the shares issuable to the warrant holders and note holder will not be issued until our shareholders approve an increase in our authorized shares of common stock which increase we have agreed to request by July 1, 2014. Additionally, the holders of our subordinated convertible notes agreed to amend their notes to reduce the interest rate under the notes to five percent (5%) from ten percent (10%) and to remove the conversion feature and anti-dilutive protections under the note. If the shareholders do not approve to increase the authorized number of shares of common stock by July 1, 2014, the interest rate on the notes will increase to ten percent (10%) until such time as sufficient shares of our common stock are authorized to issue such shares. In the event the issuance of shares under the Exchange will constitute an issuance of 20% or more of our outstanding shares of common stock, we will also be required to obtain shareholder approval of the Exchange in accordance with the current NASDAQ Capital Market listing requirements before issuing any shares under the Exchange.

The authorization and issuance of preferred stock may have an adverse effect on the rights of holders of our common stock.

Our board of directors, without further action or vote by holders of our common stock, has the right to establish the terms, preference, rights and restrictions and issue shares of preferred stock. The terms of any series of preferred stock could be issued with terms, rights, preferences and restrictions that could adversely affect the rights of holders of our common stock and thereby reduce the value of our common stock. The designation and issuance of preferred stock favorable to current management or shareholders could make it more difficult to gain control of our board of directors or remove our current management and may be used to defeat hostile bids for control which might provide shareholders with premiums for their shares. We have designated and issued five series of preferred stock, no shares of which remain outstanding as of December 10, 2013. We may issue additional series of preferred stock in the future.

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We have applied for listing of our common stock and the warrants issued in this offering on the NASDAQ Capital Market in connection with this offering. If we fail to comply with the continuing listing standards of The NASDAQ Capital Market, our securities could be delisted.

We expect that our common stock will be eligible to be quoted on the NASDAQ Capital Market. For our common stock to be listed on the NASDAQ Capital Market, we must meet the current NASDAQ Capital Market listing requirements. If we were unable to meet these requirements, including but not limited to requirements to obtain shareholder approval of a transaction other than a public offering involving the sale or issuance equal to 20% or more of our common stock, our common stock could be delisted from the NASDAQ Capital Market. If our common stock were to be delisted from the NASDAQ Capital Market, our common stock could continue to trade on the over-the-counter bulletin board following any delisting from the NASDAQ Capital Market, or on the Pink Sheets, as the case may be. Any such delisting of our common stock could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and less coverage of us by securities analysts, if any. Also, if in the future we were to determine that we need to seek additional equity capital, it could have an adverse effect on our ability to raise capital in the public or private equity markets.

Risks Associated with Our Reverse Stock Split

On November 13, 2013, we effected a one-for-200 reverse stock split. However, the reverse stock split may not result in a proportionate increase in the price of our common stock, in which case we may not be able to list our common stock and the warrants sold in this offering on The NASDAQ Capital Market, in which case this offering will not be completed.

We expect that the one-for-200 reverse stock split of our outstanding common stock will increase the market price of our common stock so that we will be able to meet the minimum bid price requirement of the listing rules of The NASDAQ Capital Market. However, the effect of a reverse stock split upon the market price of our common stock cannot be predicted with certainty, and the results of reverse stock splits by companies in similar circumstances have been varied. It is possible that the market price of our common stock following the reverse stock split will not increase sufficiently for us to be in compliance with the minimum bid price requirement. If we are unable meet the minimum bid price requirement, we may be unable to list our shares on The NASDAQ Capital Market, in which case this offering will not be completed.

Even if the reverse stock split achieves the requisite increase in the market price of our common stock, we cannot assure you that we will be able to continue to comply with the minimum bid price requirement of The NASDAQ Capital Market.

Even if the reverse stock split achieves the requisite increase in the market price of our common stock to be in compliance with the minimum bid price of The NASDAQ Capital Market, there can be no assurance that the market price of our common stock following the reverse stock split will remain at the level required for continuing compliance with that requirement. It is not uncommon for the market price of a company's common stock to decline in the period following a reverse stock split. If the market price of our common stock declines following the effectuation of the reverse stock split, the percentage decline may be greater than would occur in the absence of a reverse stock split. In any event, other factors unrelated to the number of shares of our common stock outstanding, such as negative financial or operational results, could adversely affect the market price of our common stock and jeopardize our ability to meet or maintain The NASDAQ Capital Market's minimum bid price requirement.

Even if the reverse stock split increases the market price of our common stock, there can be no assurance that we will be able to comply with other continued listing standards of The NASDAQ Capital Market.

Even if the market price of our common stock increases sufficiently so that we comply with the minimum bid price requirement, we cannot assure you that we will be able to comply with the other standards that we are required to meet in order to maintain a listing of our common stock and/or warrants sold in this offering on The NASDAQ Capital Market. Our failure to meet these requirements may result in our common stock and/or warrants sold in this offering being delisted from The NASDAQ Capital Market, irrespective of our compliance with the minimum bid price requirement.

The reverse stock split may decrease the liquidity of the shares of our common stock.

The liquidity of the shares of our common stock may be affected adversely by the reverse stock split given the reduced number of shares that will be outstanding following the reverse stock split, especially if the market price of our common stock does not increase as a result of the reverse stock split. In addition, the reverse stock split may increase the number of stockholders who own odd lots (less than 100 shares) of our common stock, creating the potential for such stockholders to experience an increase in the cost of selling their shares and greater difficulty effecting such sales.

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Following the reverse stock split, the resulting market price of our common stock may not attract new investors, including institutional investors, and may not satisfy the investing requirements of those investors. Consequently, the trading liquidity of our common stock may not improve.

Although we believe that a higher market price of our common stock may help generate greater or broader investor interest, there can be no assurance that the reverse stock split will result in a share price that will attract new investors, including institutional investors. In addition, there can be no assurance that the market price of our common stock will satisfy the investing requirements of those investors. As a result, the trading liquidity of our common stock may not necessarily improve.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this prospectus, including, without limitation, statements regarding the assumptions we make about our business and economic model, our dividend policy, business strategy and other plans and objectives for our future operations, are forward-looking statements.

These forward-looking statements include declarations regarding our management's beliefs and current expectations. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could,' "expects," "plans," "contemplates," "anticipates," "believes," "estimates," "predicts," "projects," "intend" or "continue" or the such terms or other comparable terminology, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the forward-looking statements contained in this prospectus and the documents incorporated by reference herein include, among other things, statements about the following:

- our significant losses and negative cash flow raise questions about our ability to continue as a going concern;
- the risk that we will be unable to pay our debt obligations as they become due or that we will be unable to find sufficient financing to fund our operations;
- the risks associated with foreign operations;
- the effect certain conversions of securities may have on us, whether the conversion be pursuant to convertible notes, options, warrants, units of Nutra SA or contractual obligation and whether the conversion occurs at the parent or subsidiary levels;
- future sale of our common stock that could depress the trading price of our common stock, lower our value and make it more difficult for us to raise capital;
- our reliance on certain key customers;
- our credit risk;
- our currency exchange risk;
- our ability to compete effectively;
- regulatory compliance costs;
- product liability claims and product recalls;
- outstanding pledges and obligations to lenders; and
- the other matters described in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business."

You should also read the matters described in "Risk Factors" and the other cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. The forward-looking statements in this prospectus may not prove to be accurate and therefore you are encouraged not to place undue reliance on forward-looking statements. You should read this prospectus completely.

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USE OF PROCEEDS

We estimate that we will receive up to $___ in net proceeds from the sale of common stock and corresponding warrant in this offering, based on a price of $___ per share of common stock, and corresponding warrant and after deducting estimated underwriter fees and estimated offering expenses payable by us. We cannot predict when or if the warrants will be exercised. If all of the warrants issued in this offering are exercised for cash, then we will receive an additional $___ of proceeds. It is possible that the warrants may be exercised on a cashless basis or expire prior to being exercised, in which case we will not receive any additional proceeds.

We intend to use the net proceeds from this offering for the following purposes:

- approximately $2,000,000 to fund the cash portion of the purchase price for the acquisition of H&N;
- a minimum of $3,000,000 and a maximum of $5,000,000 for an additional capital contribution to Nutra SA to fund operations at its operating subsidiary Irgovel, including the planned capital expansion project, based upon the amount of net proceeds raised in this offering;
- approximately $500,000 for capital expenditures at US plants;
- approximately $600,000 for repayment of certain accounts payables for professional services;
- approximately $200,000 to pay accrued interest owed and due to certain subordinated convertible note holders; and
- approximately $150,000 to pay deferred board of director fees.

The remaining net proceeds will be used for working capital and other general corporate purposes.

The allocation of the net proceeds of the offering set forth above represents our estimates based upon our current plans and assumptions regarding industry and general economic conditions, our future revenues and expenditures.

The amounts and timing of our actual expenditures will depend upon numerous factors, including market conditions, cash generated by our operations, business developments and related rate of growth. We may find it necessary or advisable to use portions of the proceeds from this offering for other purposes.

Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used include:

- the existence of other opportunities or the need to take advantage of changes in timing of our existing activities;

- the need or desire on our part to accelerate, increase or eliminate existing initiatives due to, among other things, changing market conditions and competitive developments; and/or

- if strategic opportunities of which we are not currently aware present themselves (including acquisitions, joint ventures, licensing and other similar transactions).

From time to time, we evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of resources, including the proceeds of this offering, is being optimized. Pending such uses, we intend to invest the net proceeds of this offering in direct and guaranteed obligations of the United States, interest-bearing, investment-grade instruments or certificates of deposit.

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DILUTION

If you purchase securities in this offering, your interest will be diluted immediately to the extent of the difference between the public offering price of $___ per share, and corresponding warrant and the as adjusted net tangible book value per share of our common stock immediately following this offering.

Our net tangible book value as of September 30, 2013 was approximately $(2.4) million, or approximately $(2.14) per share. Net tangible book value per share represents our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding as of September 30, 2013.

Net tangible book value dilution per share of common stock to new investors represents the difference between the amount per share paid by purchasers in this offering and the as adjusted net tangible book value per share of common stock immediately after completion of this offering. After giving effect to our sale of 1,750,000 shares in this offering at a public offering price of $___ per share, and after deducting the underwriter commissions and estimated offering expenses, our as adjusted net tangible book value as of September 30, 2013 would have been $___ million, or $___ per share. This represents an immediate increase in net tangible book value of $___ per share to existing stockholders and an immediate dilution in net tangible book value of $___ per share to purchasers of shares in this offering, as illustrated in the following table:

Public offering price per share	$
Net tangible book value per share as of September 30, 2013	$
Increase in net tangible book value per share attributable to new investors	$
Adjusted net tangible book value per share as of September 30, 2013, after giving effect to the offering	$
Dilution per share to new investors in the offering	$

The above discussion and tables do not include the following:

- 176,932 shares of common stock issuable upon exercise of outstanding stock options, at a weighted average exercise price of $24.60 per share, under our equity incentive plans;
- Assuming we raise at least $7.0 million in this offering, 223,067 shares of common stock issuable upon exercise of outstanding warrants, with current exercise prices ranging from $14.00 per share to $46.80 per share. Warrants for 208,038 of these shares contain anti-dilution provisions that cause the exercise price to decrease automatically if we issue shares of our common stock or securities convertible into shares of our common stock at prices below either $16.00 or $14.00;
- 1,554,734 shares of common stock to be issued by July 1, 2014 to certain warrant holders in exchange for the cancellation of warrants to purchase up to 496,060 shares of common stock;
- 134,250 shares to be issued by July 1, 2014 to a note investor;
- 1,750,000 shares of common stock issuable upon exercise of the warrants issued to the public in connection with this offering; and
- Assuming the over-allotment option is fully exercised, 100,625 shares of common stock issuable upon exercise of the warrants to be received by the underwriters in connection with this offering.

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PRICE RANGE OF OUR COMMON STOCK

Market Information

Our common stock is quoted on the OTCQB under the symbol "RIBT." We have applied to The NASDAQ Capital Market to list our common stock and warrants under the symbol "RIBT" and "RIBTW", respectively. The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported by the OTCQB. The prices below reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions. All share and per share information in the table below reflects the one-for-200 reverse stock split which was effected on November 13, 2013. Our shares of common stock did not trade on a post-adjusted basis until the opening of the market on November 18, 2013.

	High	Low
2011		
First Quarter	$82.00	$32.00
Second Quarter	$78.00	$32.00
Third Quarter	$38.00	$22.00
Fourth Quarter	$40.00	$20.00
2012		
First Quarter	$32.00	$20.00
Second Quarter	$32.00	$8.00
Third Quarter	$18.00	$8.00
Fourth Quarter	$24.00	$8.00
2013		
First Quarter	$24.00	$10.00
Second Quarter	$18.00	$12.00
Third Quarter	$14.00	$4.00
Fourth Quarter through December 10, 2013	$14.00	$6.00

Holders

On December 10, 2013, the last sales price reported on the OTCQB for our common stock was $6.00 per share. As of the date of this prospectus, there were 1,152,452 shares of our common stock outstanding and approximately 280 holders of record of our common stock.

Options and Warrants

There are outstanding warrants and outstanding options to purchase 719,128 and 176,932 shares of our common stock, respectively, as of the date of this prospectus. Effective as of November 13, 2013, certain warrant holders agreed to exchange warrants to purchase 496,060 shares of common stock for 1,554,734 shares of our common stock contingent upon our raising of at least $7.0 million in this offering and the listing of our common stock and warrants on a national securities exchange.

Convertible Notes

Effective as of November 13, 2013, the holders of our subordinated convertible notes agreed to amend their notes to reduce the interest rate under the notes to five percent (5%) from ten percent (10%) and to remove the conversion feature and anti-dilutive protections under the note. The amendments to the notes are contingent upon our raising of at least $7.0 million in this offering and the listing of our common stock and warrants on a national securities exchange.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain all future earnings for the expansion and operation of our business and do not anticipate paying cash dividends in the foreseeable future. Cash provided by operations in our Brazil segment is generally unavailable for distribution to our Corporate and USA segments pursuant to the terms of the limited liability company agreement for Nutra SA. Pursuant to the terms of outstanding senior convertible notes, we may not pay any dividends while the senior convertible notes are outstanding. Otherwise, the payment of dividends on common stock, if any, in the future is within the discretion of our Board and will depend on its earnings, capital requirements and financial condition and other relevant facts.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2013:

- on an actual basis; and
- on a pro forma basis, based upon an offering price of $___ per share of common stock and corresponding warrant, to give effect to the sale of 1,750,000 shares of common stock and 1,750,000 warrants in this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Based on the offering price of $___ per share of common stock and corresponding warrant, we allocated the $___ million aggregate consideration to common stock. The pro forma information below is only for illustrative purposes and our capitalization following the completion of this offering will be adjusted based on the actual offering price and other terms of this offering determined at pricing. The pro forma information below is only for illustrative purposes and our capitalization following the completion of this offering will be adjusted based on the actual offering price and other terms of this offering determined at pricing. You should read this table in conjunction with "Use of Proceeds" above as well as our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and financial statements and the related notes appearing elsewhere in this prospectus.

	September 30, 2013	
	Unaudited Actual	Unaudited Pro Forma
	(in thousands except share amounts)	
Liabilities:		
Senior convertible revolving note, net of discount	$1,608	$
Senior convertible debenture, net of discount	96	
Subordinated convertible notes, net of discount	5,230	
Other debt	14,843	
Derivative warrant liabilities	6,508	
Total Liabilities	28,285	
Temporary Equity:		
Redeemable noncontrolling interest in Nutra SA	7,488	
Redeemable common stock (30,593 shares outstanding)	398	
Total temporary equity	7,886	
Equity:		
Equity (deficit) attributable to our shareholders:		
Preferred stock, 20,000,000 shares authorized and none issued	-	
Common stock, no par value, 6,000,000 shares authorized, 1,103,597 shares issued and outstanding, actual; ___ shares issued and outstanding, pro forma	212,045	
Accumulated deficit	(214,271)	
Accumulated other comprehensive loss	(1,998)	
Total equity (deficit) attributable to our shareholders	(4,224)	
Capitalization	$31,947	$

The above discussion and table do not include the following:

- 176,932 shares of common stock issuable upon exercise of outstanding stock options, at a weighted average exercise price of $24.60 per share, under our equity incentive plans;
- Assuming we raise at least $7.0 million in this offering, 223,067 shares of common stock issuable upon exercise of outstanding warrants, with current exercise prices ranging from $14.00 per share to $46.80 per share. Warrants for 208,038 of these shares contain anti-dilution provisions that cause the exercise price to decrease automatically if we issue shares of our common stock or securities convertible into shares of our common stock at prices below either $16.00 or $14.00;

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- 1,750,000 shares of common stock issuable upon exercise of the warrants issued to the public in connection with this offering; and
- Assuming the over-allotment option is fully exercised, 100,625 shares of common stock issuable upon exercise of the warrants to be received by the underwriters in connection with this offering.

A $1.00 increase (decrease) in the offering price of $___ per share of common stock and corresponding warrant would increase (decrease) cash and cash equivalents and total stockholders' equity by $___ million, assuming that the number of shares and corresponding warrants offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting commissions and estimated offering expenses payable by us.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read together with the consolidated financial statements and accompanying notes for RiceBran Technologies appearing elsewhere in this prospectus.

All warrant, option, share and per share information in this prospectus gives retroactive effect to a one-for-200 reverse stock split effective as of November 13, 2013.

Company Overview

We are a human food ingredient, nutritional supplement and animal nutrition company focused on the procurement, bio-refining and marketing of numerous products derived from rice bran. We have proprietary and patented intellectual property that allows us to convert rice bran, one of the world's most underutilized food sources, into a number of highly nutritious human food and animal nutrition products. Our target markets are human food and animal nutrition manufacturers and retailers, as well as natural food, functional food and nutraceutical supplement manufacturers and retailers, both domestically and internationally. We have developed a bio-refining approach to processing raw rice bran into various value added constituents such as stabilized rice bran (SRB), rice bran oil (RBO), defatted rice bran (DRB) and a variety of other valuable derivative products from each of these core products.

In order to make the January 2012 final creditor payments under the amended plan of reorganization from our 2009 bankruptcy filing, we raised cash by issuing convertible debt and warrants in the first quarter of 2012. In the third quarter of 2012, we issued additional convertible debt and common stock warrants for working capital needs. It remains important for us to adequately fund the USA segment while we grow revenues and gain additional market penetration in the human ingredient and animal nutrition sectors we sell into. We continue to experience negative cash flows in the USA segment.

In our Brazil segment, we are completing a capital plant expansion project at our subsidiary, Irgovel. Operating the Irgovel plant while simultaneously installing new equipment created inefficiencies associated with downtime and periodic shutdowns related to the expansion have had a negative impact on margins in the Brazil segment. Most phases of the project are now complete, but we will need to shutdown the facility for approximately six to eight weeks in beginning late December 2013 to complete the next phase of the project. We are excited about the post expansion financial outlook for the Brazil segment as we will gain numerous plant efficiencies from the new equipment and additional product volume capabilities. Pursuant to an amendment we entered into with the Investors, we have agreed to contribute an additional minimum amount of $3.0 million to Nutra SA at $2.00 per unit in the event we raise at least $7.0 million in this offering.

In 2011, we announced two strategic partner alliances. The first was a joint research and development program with DSM Innovation Center (DSM), a subsidiary of Royal DSM N.V., targeted at extracting and concentrating protein from rice bran. Additionally, we signed an exclusive, co-branded international distribution agreement with BENEO-Remy covering the sale of our SRB in over forty countries in Europe, Middle East and Africa. As of December 10, 2013, Beneo-Remy has made approximately $0.4 million in purchases under the agreement. Throughout 2012, we executed on both of these alliances. In March 2013, we completed our joint research and development program with DSM and announced that this program resulted in new technology that can be used to produce first generation protein products from rice bran.

In April 2013, we and our RBT PRO LLC subsidiary entered into a series of agreements with various affiliates of Wilmar International Limited to develop rice bran and its derivatives in China for human food ingredient and animal nutrition applications, including the development of products derived from the technology created with DSM.

On September 24, 2013 and as amended on December 7, 2013, we entered into an acquisition and stock purchase agreement with H&N and the shareholders of H&N (the H&N Shareholders) pursuant to which the H&N Shareholders will sell 100% of the issued and outstanding shares of capital stock of H&N to us (the Purchase Agreement). H&N is engaged in the business of functional food blending and manufacturing, and the distribution of food ingredients and product. Under the Purchase Agreement, we agreed to purchase 100% of H&N capital stock for $2.0 million plus a promissory note for up to $3.25 million (subject to adjustment pursuant to the Purchase Agreement) and with an annual interest rate of 1%. We have the option to pay principal and accrued interest under the note in either cash or in our common stock. In the event we elect to pay the note in our common stock, payment must be made by the earlier of January 31, 2015 or within five business days following the issuance of shares to warrant holders under that certain warrant exchange agreement. The number of shares issued to the H&N Shareholders under the note will be based on the volume weighted average price (VWAP) of our common stock for the thirty trading days ending on the second business day immediately before our election to pay the note in shares of our common stock, but in no event shall such price be lower than $6.00 or higher than $12.00. If we elect to pay the note in cash, we agree to make equal quarterly payments commencing on March 31, 2015 and ending on December 31, 2018. During this payment period, the annual interest rate under the note will increase from 1% to 5% and shall further increase to 10% following January 31, 2016. At closing, H&N's current chief executive officer and founder, Mark McKnight, will join the Company as senior vice president of contract manufacturing and remain CEO of H&N. The closing of the Purchase Agreement remains subject to certain conditions including but not limited to the completion of our due diligence on H&N and our raising at least $7 million in net proceeds in a financing. A portion of the proceeds from this offering will be used to satisfy the cash purchase price at the closing of the Purchase Agreement. Upon closing of the transaction, H&N will become part of our USA segment.

Effective as of November 13, 2013, certain warrant holders agreed to exchange warrants to purchase 496,060 shares of common stock for 1,554,734 shares of our common stock. The warrant holders will be committed to exchange their warrants which will be cancelled upon our raising of at least $7.0 million; however the shares will not be issued until after our shareholders approve an increase in our authorized shares of common stock which increase we have agreed to request by July 1, 2014. Additionally, the holders of our subordinated convertible notes agreed to amend their notes to reduce the interest rate under the notes to five percent (5%) from ten percent (10%) and to remove the conversion feature and anti-dilutive protections under the note. If our shareholders do not approve to increase the authorized number of shares of common stock by July 1, 2014 (as discussed above), the interest rate on the notes will increase to ten percent (10%). Finally, an investor purchased an additional $0.2 million note on November 14, 2013 and an additional $0.3 million note on November 27, 2013, each of which would bear five percent (5%) interest with a July 31, 2016 maturity date, in exchange for the Company issuing the investor 134,250 shares of common stock. The warrant exchange and amendments to the notes are contingent upon our raising of at least $7.0 million in this offering and the listing of our common stock and the warrants sold in this offering on a national securities exchange. In the event the issuance of shares under the Exchange will constitute an issuance of 20% or more of our outstanding shares of common stock, we will also be required to obtain shareholder approval of the Exchange in accordance with the current NASDAQ Capital Market listing requirements before issuing any shares under the Exchange.

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Further discussion and analysis of our financial condition and results of operations follows.

Basis of Presentation and Going Concern

We continue to experience losses and negative cash flows from operations on a consolidated basis which raises substantial doubt about our ability to continue as a going concern. We currently have insufficient funds to support our operations and service our debt in the near term. Although we believe that we will be able to obtain the funds necessary to continue as a going concern there can be no assurances that our efforts will prove successful. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. See "Liquidity and Capital Resources" section below for a discussion of actions taken and plans to improve liquidity.

Segments

We have three reportable business segments: (i) Corporate; (ii) USA, which manufactures and distributes SRB in various granulations along with other products derived from rice bran via proprietary and patented enzyme treatment processes; and (iii) Brazil, which extracts crude RBO and DRB from rice bran, which are then further processed into a number of valuable human food and animal nutrition products. The Corporate segment includes selling, general and administrative expenses including public company expenses, litigation and other expenses not directly attributable to other segments. No Corporate allocations, including interest, are made to the other segments.

The USA segment consists of two locations in California and two locations in Louisiana all of which can produce SRB. One of the two Louisiana SRB facilities, located in Lake Charles, has been idle since May 2009. The USA segment also includes our Dillon, Montana Stage II facility which produces our Stage II products RiSolubles (a highly nutritious, carbohydrate and lipid rich fraction of SRB), RiFiber (a fiber rich derivative of SRB), RiBalance (a complete rice bran nutritional package derived from further processing SRB), ProRyza P-35) a water soluble 35% protein extract from SRB) and ProRyza PF-20/50 (a 20% protein and 50% insoluble dietary fiber extract of SRB). The manufacturing facilities included in our USA segment have proprietary processing equipment and patented technology for the stabilization and further processing of rice bran into finished products. In 2013, approximately 55% of USA segment revenue is from sales of human food products and approximately 45% is from sales of animal nutrition products.

The Brazil segment consists of the consolidated operations of our majority-owned subsidiary Nutra SA, its only operating subsidiary Irgovel, located in Pelotas, Brazil. Irgovel manufactures RBO and DRB products for both the human and animal food markets in Brazil and internationally. In refining RBO to an edible grade, several co-products are obtained. One such product is distilled fatty acids, a valuable raw material for the detergent industry. DRB is sold in bulk as animal feed and compounded with a number of other ingredients to produce complex animal nutrition products which are packaged and sold under Irgovel brands in the Brazilian market. In 2013, approximately 40% of Brazil segment product revenue is from sales of RBO products and 60% is from sales of DRB products. Irgovel is a wholly owned subsidiary of our holding company, Nutra SA. As of December 31, 2012 and September 30, 2013, we owned 50.3% of Nutra SA with the remaining 49.7% held by the Investors. The Investors have certain rights associated with its equity ownership as more fully described in the footnotes to our financial statements.

Comparison of Results of Operations for the Years Ended December 31, 2012 and 2011

Consolidated net loss attributable to RiceBran Technologies shareholders for 2012 was $9.5 million, or $9.29 per share, compared to $10.1 million, or $10.18 per share for 2011. Loss from operations improved to $8.7 million in 2012 from $9.6 million in 2011. Results for 2012 include $4.4 million of other expense, an increase of $2.7 million compared to 2011. This increase was the result of (i) the $7.1 million of financing expense and loss on extinguishment related to the 2012 issuances of convertible debt and related warrants and (ii) a $0.5 million increase in foreign currency exchange loss, offset by (iii) a $5.1 million increase in other income from change in fair value of derivative warrant and conversion liabilities.

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Revenue and Gross Profit

Revenues (in thousands):

	2012	% of Total Revenues	2011	% of Total Revenues	Change	% Change
USA segment	$12,633	33.5	$10,700	29.0	$1,933	18.1
Brazil segment	25,090	66.5	26,257	71.0	(1,167)	(4.4)
Total revenues	$37,723	100.0	$36,957	100.0	$766	2.1

Consolidated revenues for 2012, were $37.7 million compared to $37.0 million in the prior year an increase of $0.7 million, or 2.1%.

USA segment revenues improved 18.1% in 2012 compared to 2011. Animal feed product revenues increased $0.7 million, or 12.5%, on 6.0% lower volume due to the impact of price increases. Human nutrition product revenues increased $1.5 million, or 34.8% due to the impact of price increases and 9.6% higher volume. The $1.9 million increase in revenues is net of a $0.3 million decline in revenues from toll processing infant cereal products which ceased in April 2011.

Brazil segment revenues decreased 4.4%, or $1.2 million, in 2012 from 2011. Revenues decreased $4.3 million as a result of the 14.4% decline in the average exchange rate between these periods. Offsetting this $4.3 million decline was a $3.1 million net increase in revenues comprised of the following:

- a $2.4 million increase in bulk DRB revenues; and
- a $2.0 million increase in refined oil and derivative product revenues; and
- a $0.2 million increase in bagged animal feed product revenues; offset by
- a $1.5 million decline in crude oil revenues.

Brazil revenues experienced a shift from bagged animal feed products to bulk DRB and oil revenues experienced a shift from crude RBO to refined oil. Production disruptions during the capital expansion at Irgovel necessitated the shift to bulk DRB sales. The shift from crude oil sales to refined oil sales is part of a strategy to shift revenues to higher margin refined oil and derivative product sales. A US drought caused demand pressure for Brazilian soybean and corn which increased animal feedstock prices generally, and bran prices specifically, in 2012. As a result, the Brazil segment passed along higher prices for DRB and bagged animal feed products during 2012.

Gross profit (in thousands):

	2012	Gross Profit %	2011	Gross Profit %	Change	Change in Gross Profit %
USA segment	$3,687	29.2	$3,134	29.3	$553	(0.1)
Brazil segment	2,385	9.5	4,437	16.9	(2,052)	(7.4)
Total gross profit	$6,072	16.1	$7,571	20.5	$(1,499)	(4.4)

Consolidated gross profit for 2012 was $6.1 million compared to $7.6 million in 2011, a decrease of $1.5 million, or 4.4 percentage points.

The USA segment gross profit improved $0.6 million. Gross profit remained relatively unchanged at 29.2%. The USA segment gross profit was negatively impacted $1.3 million by higher raw bran prices in 2012 compared to 2011. Raw bran costs were on a continually escalating trend starting in early 2011 and continued to rise through the first quarter of 2012, before moderating slightly during the second quarter of 2012 and rising again after the third quarter of 2012. The impact of higher raw bran prices was offset by SRB selling price increases in the first and fourth quarters of 2011. The full impact of those SRB selling price increases impacted 2012.

The Brazil segment gross profit deteriorated $2.1 million, or 7.4 percentage points, from 16.9% to 9.5%. Gross profit decreased $0.4 million as a result of the 14.4% decline in the average foreign currency exchange rate between periods. The remaining margin reduction was attributable to higher raw bran costs, an unfavorable shift in sales mix to lower margin bulk animal feed products and decreased plant efficiency during the implementation of capital improvements to the animal feed plant. Raw bran costs were approximately 27% higher as of December 31, 2012 compared to December 31, 2011. Only a portion of these higher costs could be offset with higher selling prices. The plant inefficiencies associated with the capital expansion project resulted in higher production costs in 2012.

We intend to monitor bran prices and pass along increases to our customers in both the USA and Brazil segments, subject to market conditions.

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Operating Expenses (in thousands):

	2012			
	Corporate	USA	Brazil	Consolidated
Selling, general and administrative	$4,313	$3,370	$4,560	$ 12,243
Professional fees	652	-	795	1,447
Intersegment fees	(347)	-	347	-
Impairment of property	-	1,069	-	1,069
Total operating expenses	$4,618	$4,439	$5,702	$ 14,759

	2011			
	Corporate	USA	Brazil	Consolidated
Selling, general and administrative	$4,850	$4,921	$4,670	$ 14,441
Professional fees	1,703	113	1,106	2,922
Intersegment fees	(439)	-	439	-
Impairment of intangibles and property	240	1,352	-	1,592
Recoveries from former customers	-	(1,800)	-	(1,800)
Total operating expenses	$6,354	$4,586	$6,215	$ 17,155

	Favorable (Unfavorable) Change			
	Corporate	USA	Brazil	Consolidated
Selling, general and administrative	$537	$1,551	$110	$ 2,198
Professional fees	1,051	113	311	1,475
Intersegment fees	(92)	-	92	-
Impairment of property, plant and equipment	240	283	-	523
Recoveries from former customers	-	(1,800)	-	(1,800)
Total operating expenses	$1,736	$147	$513	$ 2,396

Consolidated operating expenses were $14.8 million in 2012, compared to $17.2 million in 2011, an improvement of $2.4 million, or 14.0%.

Corporate segment selling, general and administrative expenses (SG&A) improved $0.5 million. The favorable impacts of (i) a $0.2 million reduction in payroll and related costs (ii) a $0.3 million reduction in bonus expense and (iii) a $0.6 million broad reduction in other expenses due to cost containment efforts were offset by the unfavorable impacts of (i) a $0.2 million increase in share-based compensation expense and (ii) income of $0.4 million in 2011 associated with a settlement with a former officer.

Corporate professional fees improved $1.1 million between periods. Professional fees are primarily expenses associated with consultants, accounting, auditing, tax compliance, SOX 404 compliance, and outside legal counsel. Legal expense declined $0.5 million and other professional expenses declined $0.6 million between periods. In 2011, we incurred significant audit and other consultant fees related to preparation of our 2009 and 2010 Form 10-Q and Form 10-K filings, which were delayed and filed in the first quarter of 2011.

USA segment SG&A expenses decreased $1.6 million between periods due to $0.5 million lower payroll and related costs, $0.3 million due to lower depreciation and amortization and a $0.8 million decline in other SG&A expenses. Payroll and related costs were lower as a result of reductions in workforce. The reduction in depreciation and amortization was the result of the impairments of intangibles and property in 2012 and 2011.

Brazil segment SG&A decreased $0.1 million between periods. The 14.4% reduction in the average foreign currency exchange rate reduced Brazil SG&A $0.8 million between periods. This reduction was more than offset by (i) $0.3

million of increases in payroll and related costs as a result of the annual wage increase implemented effective July 31, 2012 (average 8% increase) and increases in sales and operations management personnel in preparation for operating the plant after the capital expansion project (ii) a $0.3 million increase in the provision for doubtful accounts and (iii) a $0.1 million increase in marketing expenses.

Brazil segment professional fees decreased $0.3 million between periods. Professional fees include management and meeting attendance fees payable to the investors who own a noncontrolling interest in Nutra SA (Investors).

Intersegment fees relate to Brazil segment fees payable to the Corporate segment beginning in January 2011 under the agreements with the investors in Nutra SA. The charges are intended to compensate the Corporate segment for management time spent on Irgovel operations.

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Other Income (Expense) (in thousands):

	2012			
	Corporate	USA	Brazil	Consolidated
Interest income	$18	$-	$56	$ 74
Interest expense	(742)	(17)	(1,167)	(1,926)
Change in fair value of derivative warrant and conversion liabilities	5,420	-	-	5,420
Loss on extinguishment and financing expense	(7,125)	-	-	(7,125)
Foreign currency exchange, net	-	-	(617)	(617)
Other	-	-	(210)	(210)
Other income (expense)	$(2,429)	$(17)	$(1,938)	$ (4,384)

	2011			
	Corporate	USA	Brazil	Consolidated
Interest income	$53	$-	$73	$ 126
Interest expense	(619)	(180)	(964)	(1,763)
Change in fair value of derivative warrant and conversion liabilities	332	-	-	332
Foreign currency exchange, net	-	-	(99)	(99)
Other	(286)	-	54	(232)
Other income (expense)	$(520)	$(180)	$(936)	$ (1,636)

	Favorable (Unfavorable) Change			
	Corporate	USA	Brazil	Consolidated
Interest income	$(35)	$-	$(17)	$ (52)
Interest expense	(123)	163	(203)	(163)
Change in fair value of derivative warrant and conversion liabilities	5,088	-	-	5,088
Loss on extinguishment and financing expense	(7,125)	-	-	(7,125)
Foreign currency exchange, net	-	-	(518)	(518)
Other	286	-	(264)	22
Other income (expense)	$(1,909)	$163	$(1,002)	$ (2,748)

Consolidated other expense increased to $4.4 million in 2012, compared to $1.6 million for 2011. Consolidated other expense increased $7.1 million as a result of the financing expense and loss on extinguishment recognized in connection with the 2012 issuances of convertible debt and related warrants. Interest expense increased $0.2 million as a result of increases in average outstanding debt between periods. Foreign currency exchange gains and losses relate to certain Irgovel debt, and to a smaller extent Irgovel export-related accounts receivable, which are denominated and settled in US Dollars. Brazil segment other expense is primarily bank fees. Corporate segment other expense includes $0.2 million in 2011 for transaction costs incurred in the settlement with Herbal Sciences.

Our liability warrants and conversion liabilities are valued using the lattice model each reporting period and the resulting change in fair value is recorded in the statements of operations. The lattice model requires us to assess the probability of future issuance of equity instruments at a price lower than the current exercise price of the warrants and make certain other assumptions. The decline in the price of our common stock during 2012 and 2011 was the primary reason the derivative warrant and conversion liabilities fair value fell in each period, resulting in the recognition of other income.

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Comparison of Results of Operations for the Nine-Months Ended September 30, 2013 and 2012

Consolidated net loss attributable to RiceBran Technologies shareholders for the nine months ended September 30, 2013, was $9.9 million, or $9.10 per share, compared to $9.4 million, or $9.21 per share, in the prior period. The $2.4 million decline in gross profit was offset by a $2.3 million improvement in operating expenses, resulting in a $0.1 million increase in loss from operations between periods.

Revenue and Gross Profit

Revenues (in thousands):

	Nine Months Ended September 30,					
	2013	% of Total Revenues	2012	% of Total Revenues	Change	% Change
USA segment	$9,099	33.9	$9,629	33.4	$(530)	(5.5)
Brazil segment	17,723	66.1	19,177	66.6	(1,454)	(7.6)
Total revenues	$26,822	100.0	$28,806	100.0	$(1,984)	(6.9)

Consolidated revenues for the nine months ended September 30, 2013, were $26.8 million compared to $28.8 million in the prior year period, a decrease of $2.0 million, or 6.9%.

USA segment revenues decreased $0.5 million, or 5.5%, in the first nine months of 2013 compared to the first nine months of 2012. Animal feed product revenues decreased $0.7 million on lower volume while human nutrition product revenues increased $0.2 million. The decline in animal feed revenue was attributable to the loss of one customer.

Brazil segment revenues decreased $1.5 million, or 7.6%, in the first nine months of 2013 compared to the first nine months of 2012. Revenues decreased $1.8 million as a result of the 9.4% decline in the average exchange rate between these periods. On a local currency basis, prior to translation into US dollars, Brazil segment revenues increased 2.0% period over period. Offsetting this $1.8 million decline was a 6.6% increase in revenue per ton. As part of a capital expansion project, we improved our animal feed production capabilities and launched new products which were unavailable for sale in 2012.

Gross profit (in thousands):

	Nine Months Ended September 30,					
	2013	Gross Profit %	2012	Gross Profit %	Change	Change in Gross Profit %
USA segment	$2,204	24.2	$2,892	30.0	$(688)	(5.8)
Brazil segment	810	4.6	2,488	13.0	(1,678)	(8.4)
Total gross profit	$3,014	11.2	$5,380	18.7	$(2,366)	(7.5)

Consolidated gross profit in 2013 decreased $2.4 million, or 7.5 percentage points, to $3.0 million for the nine months ended September 30, 2013, compared to $5.4 million in the prior year period.

The USA segment gross profit declined $0.7 million, to $2.2 million in the first nine months of 2013, from $2.9 million in the first nine months of 2012, due to the impact of higher raw bran prices in 2013 compared to 2012. Raw bran and related third party bran processing costs increases impacted margin by 7.5 percentage points. Continuing competitive pressure for animal nutrition product revenues has restrained our ability to pass along these higher costs.

The Brazil segment gross profit declined $1.7 million, or 8.4 percentage points, from 13.0 to 4.6. The amount of raw bran processed was 3.8% lower in the first nine months of 2013 than in the comparable 2012 period. Since a significant portion of plant operating costs are fixed, lower volumes result in higher per unit production costs and negatively impacts gross profit percentage. Plant operational efficiency at Irgovel continues to be affected by the ongoing capital expansion project. Periodic rolling plant shut downs have been necessary throughout the first nine months of the year as new equipment is installed and/or adjusted. A final plant shut down is scheduled to begin at the end of December and last for six to eight weeks.

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Operating Expenses (in thousands):

Nine Months
Ended
September 30,
2013
Corporate USA