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 (State or other jurisdiction of incorporation or organization)	2040 (Primary Standard Industrial Classification Code Number)	87-0673375 (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:

Christopher V. Chediak, Esq. Weintraub Tobin Chediak Coleman Grodin 400 Capitol Mall, Suite 1100 Sacramento, CA 95814 (916) 558-6000	Barry I. Grossman, Esq. Benjamin S. Reichel, Esq. Ellenoff Grossman & Schole LLP 1345 Avenue of the Americas, 11th Floor New York, New York 10105 (212) 370-1300

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 e