



**The Rice Food Experts**

Good morning and allow me to welcome you to SunRice's 2008 Annual General Meeting.

Today I would like to draw your attention to a number of important events that have taken place in the past year to secure our business for the future as well as highlight some of the issues that will shape the business for the year ahead.

I would first like to take this opportunity to review the 2008 annual results.

Looking at the figures for the 2008 Financial Year, we have every reason to be satisfied.

We delivered another strong financial performance with consolidated sales revenue of \$708 million and a medium grain paddy return of \$328 per tonne, for the 2007 rice crop.

Accordingly, the Board was delighted to be able to pay shareholders a dividend of 22.5 cents per B Class Share, on the 15<sup>th</sup> July. This dividend was an increase of one cent per share over the previous year and represented a total amount of approximately \$7.7 million.

The strong financial performance is an endorsement of the effort and work undertaken by the Board and management of SunRice.

SunRice continued to see growth in what we commonly refer to as our 'Complementary Businesses'. These businesses include CopRice, rice cakes, flour, and Specialty Rice Foods, and the subsidiaries, Riviana Foods and Trukai Industries.

CopRice recorded sales revenue in excess of \$100 million and Riviana Foods posted another record revenue and earnings year.

Trukai Industries, in Papua New Guinea also delivered a strong profit performance. Over the last 12 months, our marketing team broadened our business through growing our convenience rice food range and snack foods.

As you know, SunRice has been at the forefront of microwavable technology for some time and today microwave rice is the fastest growing carbohydrate category in the world.

We are well positioned for ongoing growth in this category both in Australia and overseas.

Our global trading division was an important profit engine for the business and, again sourced rice for SunRice branded products on supermarket shelves around the world.

However despite all our success, we had some sobering decisions to announce.

Unfortunately, the drought continued its stranglehold on our Riverina operations and we were forced to place Deniliquin and Coleambally Mills under a 'care and maintenance' program.

With the 2008 harvest consisting of little over 19,000 tonnes, our decision was a strategic necessity.

I am particularly saddened because many regional communities rely on businesses like SunRice for prosperity. We have been a significant employer in both Deniliquin and Coleambally and the decisions have affected the lives of many people in these towns.

I look forward to the time when our Riverina crops are large enough to justify recommencing operations in Deniliquin and Coleambally.

I was pleased to announce details earlier this month of a very significant strategic initiative - our investment in the US rice milling and marketing company – SunFoods.

The investment of US\$10.4 million will establish a 65% majority share in this California based company.

This strategic acquisition provides us with a platform to leverage our branded rice food expertise in the US market and to grow our international markets through the sourcing and processing of high quality US rice.

SunFoods will amalgamate the milling assets and brands of Gold River Mills and Pacific Basin Milling which include a rice mill consumer packaging plant as well as the successful Hinode brand.

As part of our international rice food business, we have worked extensively with Gold River Mills and the investment is an excellent fit with our established global sourcing strategy.

I am confident SunFoods will help grow our business and will complement our traditional Australian rice supplies at a time of increasing global demand for rice and rice based foods.

I must say I feel proud and honoured to be here representing an outstanding effort by a team of people who continue to maintain a focus on securing and growing our business for the future.

Gary Helou and his team have built a solid platform from which the business can continue to grow and prosper.

- We are strongly established in terms of our brands and relationships
- We are well positioned worldwide
- Our profitability remains strong
- The ongoing drought is well mitigated through our global trading division and our recent US acquisition
- And finally, we are paying a good dividend

I would now like to touch on an issue that I believe is going to be the major story of this century.....**food security**.

I am sure you have all heard me speak on this topic many times and more recently the topic of food security has hit international headlines. I am very pleased to see that awareness of this fundamental issue has been heightened.

At a food and agriculture summit attended by world leaders in Rome earlier this year, the UN Secretary-General Ban Ki-moon said food production needed to increase by 50% by 2030 to stave off disaster.

Australian agriculture has a very important role to play in meeting this rising demand and accordingly, I believe we have a bright future ahead of us.

Prices for rice and other grains have improved and while they will always be subject to supply and demand cycles, they should remain strong. This makes farming in Australia potentially more profitable than ever before.

SunRice's premium pool for the 2008/09 crop, for example, will pay a guaranteed minimum price of \$550 per tonne for medium grain rice - a record return.

However, we cannot address the issue of food security on our own.

It is also incumbent on our policy makers to support and enhance our production capabilities and to recognise the important role we play as food producers.... both in Australia and overseas.

We have a great impact on the wellbeing and quality of life of many, including our Pacific neighbours.

It would be remiss of governments to take water away from those that use irrigation water for production of food.

Instead Governments should focus on increasing water storage creating savings through infrastructure improvements (both on and off farm), and improving environmental outcomes through better management.

The impact which the drought has had on the production of rice reinforces to the Board the inherent limitations of relying on our local Riverina supply.

Accordingly, we continue to investigate the sourcing of rice from areas outside the Riverina and overseas.

It is important to note that Australian grown rice will always be a preferred source of supply. Our rice is of the highest quality and remains highly sought after by all our customers.

I would now like to go briefly through the main strategic direction for our business.

The Board's primary objective is to create value for Australian rice growers and our shareholders.

Our aim is to achieve recognition for SunRice as a premium investment, capable of returning strong cash flow to our growers and maintaining a high dividend yield for our investors.

The Board's strategy involves:

- Establishing SunRice as the premier Global Medium Grain Rice Marketer
- Continued growth of Rice based Convenience Meals and Nutritional Rice Snacks
- Growth of our strong investments in Riviana, Trukai, CopRice, and now SunFoods, to continue diversification of our group portfolio

To support our strategy, SunRice needs to have a strong capital base. This will provide the business with the necessary strength and flexibility required to make sound decisions and long-term commitments.

In 2006, the Board initiated a 5-year Capital Raising program aimed at maximising the conversion of maturing Rice Bonds and RMB Equity to permanent capital. Shareholders subscribed \$7.7 million in the initial share offer.

In October 2007, we issued the second stage of SunRice's capital raising program and raised \$11.8 million through the issue of new B Class Shares.

In June of this year, we issued our third Prospectus to shareholders and raised \$1.7 million of new capital. This was not surprising, considering the significant hardship caused by the ongoing drought. However, there is some concern that future share offers to our existing shareholder base may not result in the level of capital required.

We continue to focus on maintaining ownership of the business by current and past growers.

Accordingly, the capital raising program has given existing shareholders the opportunity to increase their investment in SunRice.

As discussed at the shareholder meetings in June, the Board has considered and strongly supports share ownership by employees and independent directors.

We believe giving employees and independent directors some ownership in SunRice will strengthen the alignment of their interests with that of the company.

At this Annual General Meeting, you will be asked to vote on the establishment of an Employee Share Plan under which employees and independent directors will be able to hold B Class Shares.

The terms of the proposed Plan were set out in the Plan Document that accompanied the Notice of Meeting. The Board strongly supports this proposal and hopes you will also consider it favourably.

Since the commencement of trading on the NSX, B Class Shares have traded between \$2.50 and \$1.50. As anticipated by KPMG in their Independent Expert's Report, which formed part of SunRice's Member's Explanatory Booklet issued in 2005, the market price of B Class Shares may not fully reflect the underlying value of the Company due to the restricted nature of the market.

As previously stated our aim is to achieve recognition for SunRice as a premium investment. The Board continues to maintain its intention to continue to deliver to shareholders a dividend of at least 21.5 cents per B Class Share.

I want to conclude by saying a few words about success.

Over the past decade, SunRice's success has been built upon by a simple and basic vision – to become the world's favourite rice food company.

The food industry as a whole has seen incredible change in consumer preferences for foods and sophistication of consumer demands, as well as unparalleled volatility in the supply of raw material.

Throughout this period, SunRice has been learning from the past performing in the present and creating the future.

I believe it is this diligent and deliberate attitude that underpins our success, both today and tomorrow.

My speech would not be complete without acknowledging my fellow Board members and in particular my Deputy Chairman Mark Robertson. The unwavering commitment and diligence of this group is highly commendable.

I also thank our Chief Executive Officer, Gary Helou, and his team for continuing to provide professionalism, experience, intellect and commitment through another successful year.

I would also like to thank Noel Graham, Chairman of the Rice Marketing Board, and Les Gordon, President of the Ricegrowers' Association of Australia Inc., for their significant contribution to the industry.

Also a special thank you to all our growers and shareholders who continue to support our business.

And finally I would like to thank my wife Sue, who continues to stand beside me with grace and incredible patience.

Thank you