



The Rice Food Experts

SHAREHOLDER ANNOUNCEMENT

31 July 2012

Dear Shareholder,

Following our 2012 financial results announcement, I want to remind you of SunRice's important achievements in light of some recent media commentary. These achievements are the result of hard work and good decision making that took advantage of favourable opportunities in international markets.

I also want to emphasise the great things that SunRice has achieved in your regional communities in the last 12 months. We have employed over 200 new staff, instigated major upgrades at our sites and re-established supplier relationships with regional businesses. Combined with dividend and paddy payments this is an injection of approximately of \$300 million into local communities.

We are pleased to have paid \$23 million to our growers on Tuesday 24 July, with the 2011 crop final pool payment, and to have paid \$10 million to our shareholders on Friday 27 July, with the dividend for the year ended 30 April 2012. The final pool payment takes the medium grain return to the previously advised total of \$255 per tonne.

As most of you will be aware from our 2012 financial results announcement, SunRice is now a company with revenue in excess of \$1 billion. This emphasises that SunRice has grown into a substantial global food business – an achievement we should all be proud of.

As you know our major focus in the past year has been to address the company's debt levels and re-establish SunRice post-drought. At 30 April 2012 our gearing position was 66%, down from 102% at the end of 2010/11 due to an improvement in the group's total equity value of \$27 million and reductions in debt of \$79 million. This was achieved through a combination of factors, including:

- Stronger than anticipated group profits of \$34 million;
- An improvement in working capital of \$41 million including reduced inventory holdings, plus \$7 million attributable to lower capital expenditure vs. depreciation;
- Increased capital from the Dividend Reinvestment Program of \$3 million; and
- Other items, which represent an additional \$4 million.

We have communicated with shareholders about our capital raising program and our gearing reduction strategies since 2009. We have also communicated that, in line with our peers, we intend to continue to reduce our gearing and that this approach is prudent in the current economic climate.

As part of the recently announced capital structure review, we are developing options and will soon embark on a period of direct and extensive consultation with all our shareholders, commencing at the SunRice Annual General Meeting to be held at Jerilderie on Friday 24 August. I hope you can attend this meeting.

Further details about the objectives of the capital structure review and SunRice's current level of gearing are available online at www.sunrice.com.au, including a copy of the presentation given at the most recent Ricegrowers' Association of Australia Inc. Branch Meetings.

Our industry is one of Australian agriculture's biggest success stories, with strong prospects for the future. Our growers, shareholders and employees deserve to feel proud of and be acknowledged for their efforts. Sadly, recent commentary has had the opposite effect and has the potential to damage our brands, our reputation and the morale of our people. Our industry deserves better – we are missing out on a wonderful opportunity to tell the Australian public why we should use water to grow our magnificent product and why they should feel proud of SunRice too.

We welcome and encourage all viewpoints and will continue to make opportunities available for shareholders and growers to share their thoughts directly with us over the coming 12 months.

Now is the time for the SunRice community to come together and focus on the strengths of our company.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Gerry Lawson', written in a cursive style.

GERRY LAWSON AM
Chairman