

**SunRice AGM
Friday 24 August 2012
Jerilderie Civic Hall
33 Jerilderie Street, Jerilderie**

Chairman's Address:

Good morning and welcome to the 2012 SunRice Annual General Meeting.

The 2011/12 financial year marked an incredible journey for our company – one which resulted in SunRice reaching a long awaited milestone of one billion dollars in revenue.

We have brought Australian rice back to the world and it is a tribute to the Global Sourcing Program - implemented when drought cut production - that we have achieved such resounding success.

But reaching this point has not been easy. We all recognised last year that we needed to refocus on strengthening SunRice and that some difficult decisions were required to put us on firmer footing for the future.

That involved sacrifices in the form of reduced paddy returns and shareholder dividends, allowing us to retain profits to improve our bottom line.

The willingness of the entire industry to accept these necessary actions speaks volumes about our united approach to the future of SunRice.

I would now like to take a few moments to speak to the headline results for the 2011/12 year.

Our record revenue result of one billion dollars represented a 24 per cent increase on last year's revenue of \$809 million. This is a wonderful result and emphasises that SunRice has grown into a substantial global food business.

We achieved net profit after tax of almost \$34 million across the group – a 159 per cent increase on last year's result.

We were pleased to be able to deliver significantly higher medium grain paddy prices than initially expected – with 255 dollars per tonne paid to our growers for C11.

At the same time, we retained the equivalent of \$20 per tonne, before tax, from our Australian Rice Milling and Marketing business – resulting in \$11.2 million in after-tax profit re-invested in our company.

The C11 paddy price reflected our successful return to market after several drought years, in which we reclaimed market share on behalf of growers and for the long term benefit of growers.

There has been some discussion over the setting of the paddy price, which is one of the issues that will be considered as part of the Capital Structure Review.

We understand and acknowledge that retaining \$20 per tonne from growers who were recovering from drought - and from a paddy price that had already been impacted by the costs of a mill start up and of re-entering markets - was a tough decision. It was however fully communicated and supported before the season commenced.

It was a decision made to place SunRice in the best possible position to grow shareholder and grower returns in the mid to long term.

In addition, the fully franked dividend of 18 cents per B-Class share remained unchanged from last year, providing scope for further retentions.

This meant that at the end of the 2011/12 year, a total of \$21.8 million was retained to assist with SunRice's debt levels.

As a result our gearing dropped to 66%, below the target of 70% we set in 2009.

As you know, debt has been the primary focus of your Board these past 12 months.

Those of you who were in this room 12 months ago will recall I stood here before you and outlined the commitment of the SunRice Directors and staff to improving our balance sheet. This included implementing all of the steps I've just outlined.

On top of this we have benefited from good decision making and favourable international market opportunities.

Our people have re-established our global market share at a rapid rate, exceeding our expectations. Our ability to sell early and often into tender markets, and to sell high at a time when world prices were forecast to soften, could not have been predicted 12 months ago.

There was a lot of hard work behind our end of year position – and a little luck – but we could not be more delighted with SunRice's position today.

We've done exactly what we said we would do, and a little better.

I want to acknowledge here that none of this would have been possible without your paddy.

For our growers, the C12 season certainly presented many challenges at the onset and prior to harvest, when devastating floods hit our production areas. However, tonnages surpassed expectations and we recorded our second consecutive year of full rice production.

For an industry to reach 800,000 tonnes in the C11 crop year, and to deliver 963,000 tonnes this harvest is testament to our growers' resilience.

It is this ability to grow high quality product in the face of adversity which has always contributed to SunRice being an Australian agriculture success story.

As a result of our positive start to the year, I am very pleased to be able to share with you today an early and strong indicative paddy price for C12 medium grain of \$260 per tonne.

On the strength of the harvest just completed, this is positive news for our growers and their communities.

But this is just the beginning for our company.

We have been in a state of constant change since our conversion to a company.

We'll look to consolidate our position further during the next twelve months and take advantage of opportunities to grow the business to ensure SunRice continues to be well positioned for the future.

This includes creating value for all shareholders, while ensuring strong grower returns for premium Australian rice.

Once again, we ask you to join us in working to strengthen SunRice.

We announced in June that we would be undertaking a Capital Structure Review and shortly you will hear a detailed report about what the review will consider and how that process will be undertaken.

At this stage I would like to briefly outline some of the issues which have led to this action.

The drought and the Ebro offer highlighted shortcomings with SunRice's current structure, some of which were not anticipated when we converted to a company in 2005.

Seven years on and in the wake of the rice industry's recovery, this is the ideal time to revisit the objectives we set at the time and consider whether the company is...

- 1) Meeting them, and

2) Well positioned to meet the future needs of shareholders.

There are a number of matters that we will be considering. High on the list is whether there is potential to address the uneven spread of investment in our company, particularly across active growers.

We will also consider how best to approach the matter of growers who deliver paddy to us and gain access to our brands and premium markets, yet have opted to have no investment in our business, or a very low level of investment.

The ideal Board Structure and the merit of a Paddy Supply Charter will be part of the review's terms too and these items will be discussed shortly.

I want to make it absolutely clear that the decision to make any changes to any part of our capital structure is entirely up to our shareholders - and this will be determined during a lengthy, perhaps 12 month, consultation process.

We will consult with our growers and shareholders as well as wider stakeholders at every turn during this process.

It is important that we understand your expectations in the current commercial environment and whether there is the desire for change.

I would like to acknowledge my fellow Board members and Deputy Chairman, Mark Robertson, for their united and committed approach to steering our company forward.

In particular, I wish to pay tribute to Russell Higgins AO, who is retiring as an External Director today from the SunRice Board after seven exceptional years of service.

Russell has been an extraordinary Director. He is decisive, has magnificent insight and we have benefited greatly from his experience and counsel.

Russell has truly given SunRice and the rice industry a wonderful gift. I am sad to see him go. He will be greatly missed and we wish him the very best for the future.

We are in the process of appointing a new External Director and expect to make an announcement shortly.

I would also like to thank our dedicated employees and Corporate Management Team, in particular David Keldie, who led the company as acting CEO for a large part of the past year.

The results speak for themselves. Our people excelled in spite of a difficult set of circumstances and we are proud of what they've achieved.

I am also delighted to welcome Rob Gordon to his first SunRice AGM. Rob has hit the ground running as CEO with both energy and purpose. We look forward to his continued partnership and insight as we position our company – and our industry – for growth.

The Ricegrowers' Association of Australia has continued to provide leadership for the rice industry, guided by President Les Gordon and Executive Director, Ruth Wade.

Our growers and shareholders also deserve praise for their continued support of our company.

And finally, I would like to extend a sincere thank you to my wife Sue and our family.

SunRice has always been about you - our growers and shareholders - and building a profitable rice food company to underpin our future.

Now that crop production is back on track, our staff are fixed on continuing to make gains in domestic and global markets – and will maintain that focus during the next year.

In the meantime, we look forward to working with you to ensure we have right the structure in place for the future.

We have come through a period of great adversity and emotion; stronger and poised for great things.

In closing, I've known many of you for decades. And I am certain that there's not a person in this room who doesn't love SunRice.

There will be many opportunities to raise questions, debate positions and give feedback over the next 12 months and I encourage you to participate at every step.

Our employees deserve to feel proud of SunRice.

Our communities deserve to feel proud of SunRice.

And most importantly, you – our shareholders - deserve to feel proud of SunRice.

Thank you.