



The Rice Food Experts

SHAREHOLDER ANNOUNCEMENT

24 August 2012

Dear Shareholder,

RE: Annual General Meeting

Today the Board presented SunRice's full financial results to the Annual General Meeting of shareholders held in Jerilderie,

As you know, in 2011/12 we passed the milestone of one billion dollars in annual revenue for the first time in our company's history. We also delivered a profit after tax of \$33.9 million - more than double that posted in the previous year.

More than 800,000 tonnes of rice were harvested during that year, of which more than 400,000 tonnes of processed product was exported. We were pleased to be able to generate \$275 per tonne for medium grain for the 2011 crop, which resulted in a final payment of \$255 per tonne to growers and retentions of \$20 per tonne. The fully franked dividend was maintained at 18 cents per B Class Share.

On the strength of our 2011/12 results and positive trading in the first quarter of the new financial year, we were delighted to today announce a strong and early indicative price of \$260 per tonne for medium grain harvested in 2012.

It has been a year of progress for SunRice and today we are a considerably stronger business than we were even a year ago.

We have reclaimed leadership in key Middle Eastern markets, delivering an impressive 64 per cent increase in our sales volume over the past 12 months. Despite fierce competition, we achieved a 38 per cent increase in sales volumes in the Pacific. Solid progress was made in the markets of the North Pacific, Kiribati, Micronesia and the Marshall Islands. Over the past 12 months we also successfully re-entered the international tender market, increasing our import share to 9.6 per cent in Japan and to 8 per cent in Taiwan.

We have also delivered on our promise to significantly reduce what we viewed as unsustainable levels of gearing. Gearing levels were at 66 per cent at year end, a reduction from 102 per cent for the prior year. We have achieved this through a combination of actions, including improved performance across the group, reductions in working capital including reduced inventory holdings, lower capital expenditure versus depreciation and the positive impact of foreign currency at year-on-year end.

The focus for the year ahead is to consolidate the company's position and we were pleased to provide shareholders at the AGM with an update on the positive start to the year. International prices are slightly firmer than where they ended last year and look like they will hold for the next three months, which is very good news.

However, we are expecting the second half of the year to be more challenging due to price uncertainty and other global factors. We are also anticipating further cost pressures in the business – in particular the strong Australian dollar, rising energy and transport costs, and the competition for skilled labour from other industries.

As many of you will be aware, today also marked the retirement of Russell Higgins AO as an External Director from the SunRice Board after seven exceptional years of service. Russell has been an extraordinary Director and he's made a very significant contribution to the company and our industry. 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.

As you know, in June we announced a review of SunRice's capital structure, specifically looking at the relevance and appropriateness of the current structure, as well as how the Board and management of the company can best deliver on the expectations of growers and shareholders in the current commercial environment.

As shared at the AGM today, the next chapter for SunRice will be about creating the right structures and developing a comprehensive strategy to build a more robust and financially resilient business. A business that has sufficient flexibility to capitalise on growth opportunities and the ability to deliver sustainable value and returns for growers and shareholders in an evolving – and often challenging – commercial environment. This will also include consideration of the ideal Board structure and the merits of a Paddy Supply Charter.

The Capital Structure Review will involve a consultative process, taking into consideration feedback from our growers and shareholders, as well as other key stakeholders such as the Ricegrowers' Association of Australia and the Rice Marketing Board for the State of NSW. I wish to reiterate that any proposed changes by the Board to our capital and governance structure will require the approval of shareholders.

Copies of the presentations made at today's Annual General Meeting can be accessed on the NSX or our company website.

Yours sincerely,

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

GERRY LAWSON AM
Chairman