



The Rice Food Experts

## SHAREHOLDER ANNOUNCEMENT

17 December 2012

Dear Shareholder / Grower,

I am pleased to report a good financial result for the six months ended 31 October 2012, with group profits up 24% on the same period last year.

SunRice's consolidated revenue for the first half was \$519 million; 7.7 % higher than the six months to 31 October 2011. Group profit after tax was \$15 million, a 24% increase on the comparable six months.

This result has been driven by increased sales volumes in SunRice's Global Rice Milling and Marketing businesses, as well as a solid first half in the company's complementary business, CopRice.

The Australian Rice Milling and Marketing business also performed strongly, with export rice prices holding up well alongside improvements in operational efficiency and productivity. The higher revenues and improved performance demonstrate SunRice's successful re-entry into many export rice markets, following nearly a decade of drought.

Of critical importance has been the Rice Milling and Marketing businesses ability to efficiently handle increased volumes, rapidly re-establish export markets and seek out new marketing opportunities.

The strength of the Australian Rice business also reflects increased efficiencies across the business following the one-off startup costs associated with the reinstatement of our two rice mills. We have also successfully improved capacity utilization across the supply chain, reduced working capital and gearing.

While the company has performed ahead of the same period last year, we remain cautious about the second half as Medium Grain commodity prices are expected to soften, which could result in lower selling prices. The challenges our subsidiary business Riviana has in achieving price realisation in retail markets may also impact our second half performance.

The strong first half result in the Australian Rice Milling and Marketing business also underpinned the October increase in the indicative Australian 2012 medium grain paddy price, from \$260 per tonne to \$280 per tonne.

Having returned from drought, reinstated two of our regional mills and taken Australian rice back to the world, SunRice is in robust shape.

In line with our expectations and our continued focus on working capital management, SunRice gearing continues to improve and at the half year end was 53%.

Looking ahead, we have another large crop on the way and we will now focus on investment in our operations and brands to ensure the company can deliver healthy returns to shareholders and growers in the coming years

Yours sincerely,

Gerry Lawson  
**Chairman**