

SunRice update

October 2013 Number 76

A letter from our Chairman

Following on from our Annual General Meeting (AGM) in August 2013, I wanted to take this opportunity to update growers on the current outlook for the business, sowing progress and indicative 2013 Crop paddy pricing.

2013 Crop Second Paddy Payment

In response to the positive feedback received from you in 2012 about changes to the paddy payment schedule, I am pleased to advise we have again decided to bring forward the second payment, which will be made on 29 October 2013.

Please note, a full schedule of payments can be found on the final page of this Update. We are pleased to be in a position to assist in this way, particularly at a time when farm business costs are high for our growers.

2013 Crop Full Year Indicative Pricing

In line with the advice we provided at the AGM, the indicative full year 2013 Crop paddy return for medium grain Reiziq remains \$260 per tonne. As many of you know, 2013 Crop was our third successive large crop which in itself has created some challenges, particularly in light of the large rice stocks remaining across international markets, which have caused a softening of prices.

As communicated with you previously, we are facing some issues with our 2013 Crop, with milling yields the lowest they have been in a decade. The business has incurred substantial additional milling costs due to above average levels of broken grains brought on largely by the hot weather during grain filling time. As a result, we are selling more broken grains at lower prices, which impacts the paddy return and our ability to deliver an increase to growers. Despite these circumstances, we are of course making every effort to return the best possible price to you for the 2013 Crop.

We are hopeful for more positive outcomes for the 2014 Crop.

2014 Crop Premium Increases

Rice sowing is now well underway in all regions, however

it is not too late to plant or switch from Medium Grain to Langi, Doongara and Kyeema and benefit from the increased 2014 Crop premiums recently announced.

As per the correspondence from Grower Services, the increases are as follows:

- Langi: \$55/t (fixed) above the Reiziq return (up from a maximum of \$40/t).
- Doongara: \$40/t (fixed) above the Reiziq return (up from a maximum of \$25/t).
- Kyeema: \$120/t (fixed) above the Reiziq return (up from a maximum of \$90/t).

We are urgently seeking seed orders for these critically important long grain varieties in order to balance our paddy production targets with customer demands. If you are in a position to grow or switch to these varieties, please contact Grower Services on 1800 654 557. We appreciate your support in helping us to meet market demand in this way.

Capital Structure Review

Finally, I wanted to take this opportunity to say that the Board is continuing to work diligently to identify a model to meet the specific needs of our unique business. We hope to be in a position to conduct further consultation with you all early next year and I encourage you to participate at that time. There will no doubt be a lot to consider.

Let's hope for a wonderful season, and of course some rain in the mountains.



GERRY LAWSON AM
Chairman



The Rice Food Experts

2013 CROP PAYMENT SCHEDULE (TRADITIONAL POOL \$/TONNE)

	Reiziq	Sherpa Illabong	Langi	Kyeema	Opus	Koshi	Doongara
1 st Payment (Paid)	156.00	145.00	177.00	204.00	185.00	214.00	164.00
2 nd Payment (29 October 2013)	25.00	23.00	29.00	33.00	30.00	35.00	26.00
3 rd Payment (25 February 2014)	20.00	19.00	23.00	27.00	24.00	28.00	21.00
4 th Payment (29 April 2014)	20.00	19.00	23.00	27.00	24.00	28.00	21.00
Ave Appraisal (29 April 2014)	8.00	8.00	8.00	8.00	8.00	8.00	8.00
5 th Payment (27 May 2014)	13.00	11.00	16.00	21.00	17.00	21.00	14.00
6 th Payment (29 July 2014)	18.00	15.00	23.00	30.00	24.00	30.00	19.00
ESTIMATED TOTAL RETURN	260.00	240.00	299.00	350.00	312.00	364.00	273.00

These estimates have been prepared using the information available at the time of publishing. Please be aware that the estimates could be affected by a number of factors, including prevailing market conditions, foreign exchange rates, crop quality and unforeseen events. Therefore the forecast payment schedule should be regarded as an estimate only and the final crop return will depend on the actual conditions that have prevailed throughout the entire crop year.

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