

SunRice Update



July 2014 ~ Number 78

2014 rice crop price outlook and special grower meetings

Following the extended 2014 harvest we are anticipating a final crop of around 825,000 tonnes.

As previously communicated, the crop looks to be in good condition with early milling yields indicating a return to more normal levels. At the same time our strong market performance has continued. As a result I am delighted to announce that the estimated 2014 crop paddy price for medium grain (Reiziq) will be more than \$320 per tonne and more than \$450 per tonne for Koshihikari.

We hope to better these estimates as the year progresses, subject as usual to local and global market conditions, including international prices and fluctuations in foreign exchange.

As SunRice continues to achieve strong growth and develop its premium branded markets the price outlook for paddy rice is positive. Due to market demand and the efforts of our team, I am pleased to confirm that SunRice now has premium markets and related pricing available for more than 950,000 tonnes of your rice. This is up on our previous 800,000 tonne planning base which, while still a good sized crop and one we'd welcome, is now at the lower end of our premium market demand.

Given these positive market dynamics we want to encourage growers to commit more of their resources, particularly water, to the rice farming system. To achieve this we have commissioned an independent economic assessment of cropping choices in the Riverina. The results highlight that returns for the rice farming system are more attractive and sustainable than most other crops, including cotton and irrigated winter crops.

We absolutely understand that price is a key factor in determining if you will grow rice. However we also want to explore ways that we can make the decision to choose rice easier for you at planting time. We are considering the following elements as part of this mix: different payment structures; assistance with crop inputs; varying the timing of announcing rice prices; and varying the timing of making rice payments - some of which will be implemented.

The outlook for rice is positive and exciting and reflects the growth potential for SunRice. This is a key reason for trying to identify a capital structure which will provide access to funding while preserving A Class shareholder control and enhancing the value and liquidity of B Class Shares. Charting the way forward has taken longer than anticipated. Our focus is on delivering the right model in our unique circumstances.

Please remember that SunRice is in good shape and we are growing the business at a time when many

Australian manufacturing companies are not.

After discussion at the recent RGA meetings regarding intake rates, I'm pleased to advise that we will be undertaking a study of the cost of infrastructure improvement and assessing the improved level of grower service that is achievable. We look forward to coming back to you on this in the future.

Finally, SunRice is in the middle of an exciting period with attractive opportunities for our growers. To help drive our progress, we need you to grow more rice and we want it to be your "first choice" crop.

To ensure that you are aware of the positive prospects for our industry and rice, CEO Rob Gordon and SunRice will be making a series of presentations at specially convened grower meetings in the fourth week of July. Further details are attached and we look forward to seeing you at these meetings.

Gerry
Lawson AM
Chairman



C2013 Payment Schedule (Traditional Pool \$/Tonne)

	Reiziq	Other Medium	Langi	Doongara	Opus	Kyeema	Koshi	Organic	Bio- Dynamic
1st payment (Paid)	156.00	145.00	177.00	164.00	185.00	204.00	214.00	70.00	70.00
2nd payment (Paid)	25.00	23.00	29.00	26.00	30.00	33.00	35.00	30.00	30.00
Supplementary payment (Paid)	15.00	15.00	15.00	15.00	15.00	15.00	15.00		
3rd payment (Paid)	25.00	24.00	28.00	26.00	29.00	32.00	33.00	30.00	30.00
4th payment (Paid)	20.00	19.00	23.00	21.00	24.00	27.00	28.00	20.00	20.00
Appraisal (Paid)	6.94	6.94	6.94	6.94	6.94	6.94	6.94		
5th payment (Paid)	13.00	11.00	16.00	14.00	17.00	21.00	21.00	30.00	30.00
Final payment 29 July 2014	32.67	29.67	38.67	35.35	41.67	44.67	50.67		
Total	293.61	273.61	333.61	308.29	348.61	383.61	403.61	180.00	180.00

C2014 Payment Schedule (Traditional Pool \$/Tonne)

	Reiziq	Other Medium	Langi	Doongara	Opus	Kyeema	Koshi	Organic	Bio- Dynamic
1st payment (Paid)	200.00	188.00	231.00	222.00	231.00	270.00	276.00	70.00	70.00
2nd payment (28 October 2014)	30.00	28.00	35.00	33.00	35.00	41.00	41.00	30.00	30.00
3rd payment (24 February 2015)	23.00	22.00	27.00	26.00	27.00	32.00	32.00	30.00	30.00
4th payment (28 April 2015)	18.00	17.00	22.00	22.00	22.00	28.00	29.00	20.00	20.00
Appraisal (28 April 2015)	8.00	8.00	8.00	8.00	8.00	8.00	8.00		
5th payment (26 May 2015)	16.00	15.00	19.00	18.00	19.00	22.00	23.00	30.00	30.00
Final payment (28 July 2015)	25.00	22.00	33.00	31.00	33.00	39.00	41.00		
Total	320.00	300.00	375.00	360.00	375.00	440.00	450.00	180.00	180.00

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.



YOU'RE INVITED

SunRice Pre-Season Grower Meetings

Why rice should be your first choice summer crop

SunRice is in the middle of an exciting period with attractive opportunities for growers. To help drive our growth, we need to grow more rice and we want it to be your first choice summer crop.

You are invited to attend one of three special SunRice grower meetings with CEO Rob Gordon to learn more about the positive prospects for our industry. Rob will also provide a business update on the 2014 crop and the outlook for the 2015 crop.

These are important meetings and will include the results of an independent economic assessment of cropping choices in the Riverina, spanning rice, cotton and irrigated winter crops. There will also be an update on GIS technology and how it can enhance your rice crops and the industry.

We strongly encourage you to attend one of the following meetings to learn why you should allocate your water and resources to rice in the year ahead.

Dates:

Tuesday 22 July

- Gemini Hotel at 12 noon (light lunch provided)
201-207 Banna Avenue, Griffith NSW 2680
- Coleambally Bowling Club at 6pm (light supper provided)
3 Falcon Road, Coleambally NSW 2707

Friday 25 July

- Deniliquin RSL Club at 9:30am (morning tea provided)
72 End Street, Deniliquin NSW 2710

For more information contact Grower Services on 02 6953 0436.

