



NSX ANNOUNCEMENT

25 August 2016

SunRice AGM: FY17 (C16)* Guidance and Capital Restructure Update

- **FY17 to be a challenging year due to PNG-related issues and market conditions**
- **FY17 Net Profit after Tax presently anticipated to be around \$40 million**
- **Capital Restructure timing further impacted by PNG-related issues**

SunRice today held its 2016 Annual General Meeting in Jerilderie. AGM presentations, speeches and voting results are available on SunRice's website:

<https://www.sunrice.com.au/corporate/investors/shareholder-news/>

In addition to an overview of the strong performance in FY16, other issues addressed included current market conditions, provision of guidance for FY17 (in which the C16 harvest is marketed) and an update on the Capital Restructure.

Current Market Conditions

Over the past five years, SunRice has successfully implemented a strategy that has improved the Company's overall performance and profitability, and has built resilience across the business. Focus areas have included establishing a secure and sustainable supply base and building a presence for our branded products in high growth consumer markets, which are both especially important when operating in a cyclical industry such as agriculture. While FY17 is presently shaping as particularly challenging when compared to the previous few years, the SunRice business is in robust shape to address several head winds that are emerging.

PNG issues continue to be closely monitored, including: the weakening macroeconomic outlook; continued devaluation of the Kina, which has declined 20% against US\$ since 2015; and PNG currency illiquidity issues. Recent events regarding the potential implementation of import quotas by PNG for rice are being closely monitored and SunRice is engaging closely with PNG and Australian Governments to clarify the details of this policy.

More broadly, the current environment in world rice markets is one of declining medium grain prices, which is likely to apply pressure on trading profits and pricing realisation, although the Company's brand mix in a range of markets will provide some insulation against these issues. SunRice's complementary businesses, CopRice and Riviana, have so far experienced softer trading in the first quarter of FY17 due to domestic conditions: CopRice largely due to weakness in the dairy industry; and Riviana due to impacts of the mining downturn on the food service channel.

SunRice will also have to manage the lower C16 rice crop of 244,000 tonnes, which will require intensive international sourcing for approximately 600,000 tonnes, as well as cost issues for our manufacturing and processing operations due to lower throughput levels. SunRice's efforts over the past few years to secure a sustainable supply base and improve operational efficiencies will assist the Company in countering these challenges.

FY17 (C16) NPAT Outlook

SunRice currently anticipates that Net Profit after Tax for FY17 (C16) will be around \$40 million, but this will be dependent on market conditions and factors such as trends in global rice markets over the remainder of the year. In particular, we would need to reassess this guidance if there was a sudden devaluation of the PNG Kina.

2017 Crop Production

With water pricing having declined by around \$100/ml compared to the previous year due to improved water availability, SunRice considers that planting rice remains an attractive proposition. The Company estimates that our growing and vibrant markets could support a C17 crop of 900,000 tonnes and we are encouraging growers to maximise their upcoming planting plans.

Capital Restructure Update

In addition to the ongoing joint venture (JV) partner issue that was announced in May 2016, uncertainty regarding the potential implementation of PNG quotas could also now impact the timing of the Capital Restructure. The Capital Restructure will progress forward only once the JV issue is resolved and there is more clarity on the quota issue.

The Board remains firmly committed to the proposed Capital Restructure and its ability to deliver a strong future for SunRice and all shareholders. Recent events in PNG highlight how unstable certain markets can be and the funding benefits that the Capital Restructure could offer if there was a future need for SunRice to efficiently raise new capital.

AGM Resolution Results

A Class Shareholders today voted on two resolutions at the AGM, with the results as follows:

RESOLUTION	OUTCOME
1. Remuneration report	Carried
2. Election of External Director, Ian Glasson	Carried

** FY17 is present Financial Year ending 30 April 2017, in which the rice crop harvested in 2016 (C16) is marketed.*