



27 June 2014

Dear Shareholder / Grower,

SUNRICE POSTS ANOTHER SOLID FINANCIAL RESULT IN FY 14

- **Consolidated revenue for the Group of \$1.151 billion.**
- **Final C13 paddy price of \$293.61 per tonne for medium grain (Reiziq) and \$403.61 per tonne for Koshihikari.**
- **Fully franked dividend of 23.0 cents per B Class share.**
- **Net profit after tax of \$33.5 million.**

I am pleased to advise that SunRice's financial results for the 12 months ended 30 April 2014 (FY 14) were released today and are now available on the NSX.

Consolidated revenue for the SunRice Group reached \$1.151 billion, up 7.7% on the previous year's \$1.068 billion; with net profit after tax at \$33.5 million, down 6.4% on last year's \$35.8 million. We also continued to improve our Return on Funds Employed (ROFE) for a fifth consecutive year, with ROFE for FY 14 of 14.1%, up 0.5% on the previous year.

The Board is pleased to advise a final C13 paddy price of \$293.61 per tonne for medium grain (Reiziq) and \$403.61 per tonne for Koshihikari. The paddy price reflects the strong performance in FY 14 of SunRice's Australian Rice Milling and Marketing business, which achieved impressive year-on-year sales growth.

This sales growth, combined with a weaker Australian dollar in the second half, helped to cushion the significant additional cost burden in managing the challenges with the C13 crop and allowed us to deliver a series of top up and early payments. The full year return represents more than \$340 million in paddy payments that will benefit regional communities via our rice growers.

While profit was down slightly on 2012/13, we are delighted to declare a fully franked dividend of 23.0 cents per share for our B Class shareholders, which equals the record amount set last year.

The FY 14 financial performance was a pleasing result overall, particularly given the challenging operating conditions faced by the business over the past 12 months. These included volatile foreign exchange movements that affected our import businesses, as well as challenges with the C13 crop, both of which impacted our financial performance.

Despite these factors, SunRice continued to build on its strengths as a global food group, delivering on our strategy to increase share across domestic and international consumer markets; investing in product and brand innovation to attract new customers; and re-investing in capital to drive improved productivity and efficiency and reduce costs.

While these results will be presented at the Ricegrowers Limited Annual General Meeting in Jerilderie on Friday, 22 August 2014, I wish to draw your attention to the following points in relation to SunRice's performance during 2013/14.

Continued improvement in sales and volumes across global consumer markets

Despite the volatile trading conditions in FY 14, SunRice continued to deliver sales volume growth in value added, branded products across our international consumer businesses. This included increased sales in the Middle East; further growth in Asia despite a highly price competitive market; and continued value and volume growth in the Pacific in spite of ongoing competition from the U.S. and Vietnam.

SunRice's international commodities business also achieved growth in profits from lower volumes as the Group focused resources on sales of branded, value-added product.

Building value in our domestic markets

Domestically, in 2013/14 SunRice grew market share and attracted new customers through ongoing product innovation, increased speed to market and significant brand investment.

Over the past year we accelerated the launch of consumer-led innovation, which included the conversion to new upright, resealable packs across our Table rice range, as well as the launch of two new premium tiers, Health & Wellbeing and Gourmet. We also tapped into the increasing demand for healthy snacks with the launch of two new wholegrain products, Mini Bites and Square Cakes.

Supporting all of this activity was an increase in brand investment, including a successful advertising campaign which helped to ensure our products were well received by both trade customers and consumers.

Subsidiary and complementary business performance

Despite facing challenging trading conditions in 2013/14, SunRice's subsidiary and complementary businesses continued to build for future growth while driving positive performance across specific segments and markets.

CopRice maintained its impressive growth pattern, underpinned by increases in specialty sales volumes in Australia and New Zealand and improvements in bulk sales.

The earnings performance of Riviana was significantly impacted by increasing import costs due to the rapid decline in the Australian dollar, along with rising operating costs and a competitive retail landscape. Despite these factors, Riviana secured double digit growth in its Foodservice business and achieved record market share in its core Pickled Vegetable category in the Retail business.

SunFoods incurred further losses in 2013/14 as the business continued its journey to establish an independent position in the U.S. market. These were compounded by difficult trading conditions in U.S. tender markets. Pleasingly, a number of long term growth initiatives undertaken by SunFoods started to deliver positive results, with the Hinode brand delivering year-on-year volume growth in the U.S. Mainland.

2013/14 marked another successful year for Trukai Industries, with the business achieving volume growth despite competitive pricing pressures and a weakening Kina exchange rate. The company also continued its investment to support the sustainable development of Papua New Guinea's agricultural sector. This included establishing a 100 hectare pure rice seed plantation in the Markham Valley which will provide harvest seed to farmers across the country to generate further plantations.

Capital re-investment program

In 2013/14, SunRice continued its substantial capital re-investment program aimed at delivering productivity and efficiency improvements and reducing costs.

Expenditure totalling \$32 million was invested over the past year, including upgrades to core rice milling equipment, new Rice Cakes lines and an \$8.5 million project to build a new steaming and retort facility in Leeton. Capacity was also increased for CopRice through investment in new extrusion equipment.

These projects not only delivered immediate efficiency gains, but will ensure the Group benefits from a greater ability to process and add value to our Australian crop. Importantly, they also provide valuable new opportunities for employment and wealth creation in the regions in which we operate.

SunRice Group Financial Highlights and Reconciliation

Finally, in line with last year's approach, we are pleased to provide you with a table-based summary of SunRice's performance. We hope you find this useful.

SunRice Group Financial Highlights	FY 14	FY 13	Y-o-Y Change
Sales revenue (\$bn)	1.151	1.068	Up 7.7%
Group net profit after tax (\$m)	33.5	35.8	Down 6.4%
Paddy price (per tonne)	\$293.61	\$317.34	Down 7.5%
Dividend (c)	23.0	23.0	No change
Earnings per share (c)	53.3	57.9	Down 7.9%
Average Gearing (%)	52	43	n/a
Year End Gearing (%)	44	61	n/a
Return on Funds Employed (%)	14.1	13.6	n/a

Thank you and AGM details

Thank you for your continued support. As I mentioned earlier, SunRice's results will be presented at the Ricegrowers Limited Annual General Meeting, to be held at the Jerilderie Civic Hall, 33 Jerilderie Street, Jerilderie, at 10:30am on Friday, 22 August 2014. Further information about the AGM, including the Notice of Meeting will be sent to you in July. We hope to see many of you there.

Yours sincerely,



GERRY LAWSON AM
Chairman