



24 July 2014

NSX ANNOUNCEMENT

SunRice enters into agreement to acquire Blue Ribbon Rice Group's rice assets

SunRice Group today announced it has entered into an agreement to acquire the rice milling assets of Blue Ribbon Rice Group ("Blue Ribbon"). The assets, located in Brandon in North Queensland's Burdekin region, include property, plant and equipment.

Blue Ribbon, which commenced operations in 2008, owns a single rice milling and packaging plant that last year produced 2,000 tonnes of processed rice. Although this volume represents less than one per cent of Australia's rice sales, with its climate and secure access to water, the Burdekin region is regarded as one of the most promising rice-growing areas outside of the Riverina.

The acquisition will complement SunRice's existing supply of rice from the Riverina region and forms part of our strategy to invest in and develop sources of domestic supply, in particular, the supply of specialty rice varieties. While the potential supply volumes are not material to the overall volumes for SunRice, the acquisition will help over time to strengthen our ability to successfully target premium, niche export markets and will also enable SunRice to further diversify and increase the resilience of our earnings.

The Burdekin region offers attractive agronomics for rice growing, including favourable water supply and reliability. Local conditions are particularly suited to the growing of specialty rices, including fragrant varieties and specific long grain options, which will complement our Riverina crop and increase the overall competitiveness of Australian rice. Additional research and development will be undertaken to maximise our growing options through our Rice Research Australia (RRAPL) subsidiary.

SunRice is uniquely positioned to add value and to develop the Burdekin region's rice industry and the potential of Burdekin-grown rice by contributing our agronomic support, integrated supply chain, distribution network and international sales and marketing capability. In addition, minimal capital investment is required to Blue Ribbon's current milling assets, which are well located in the heart of the region's rice growing area and within close proximity to Townsville Port.

A further announcement will be made at completion, which is expected during September 2014. The transaction is also subject to clearance by the Australian Competition and Consumer Commission (ACCC).

Mandy Del Gigante

Company Secretary