

**SunRice AGM**  
**Friday, 22 August 2014**  
**Jerilderie Civic Hall**  
**33 Jerilderie Street, Jerilderie**

**1. CHAIRMAN'S ADDRESS**

I would now like to say a few words about the year that has just passed and what is undoubtedly a strong outlook for the future.

2013/14 was a year in which we built on our strengths. We continued to invest in our products, our people, our operations and our brands. And we leveraged what were at times difficult circumstances to deliver a solid set of results.

It is rewarding to see how quickly we have rebuilt both SunRice's global market share and our balance sheet in a relatively short space of time, despite significant internal and external challenges.

As I noted in the Annual Report, all have had a part to play in this...

- Our growers have supported us with their fourth consecutive large harvest;
- Our shareholders have supported us through their investment in this great company; and
- Our employees have supported us by driving innovation and operational efficiencies, as well as creating new markets for Australian rice.

CEO Rob Gordon will present SunRice's financial results in detail shortly.

However I would like to spend a few minutes discussing both the paddy price and dividend result.

For our A Class shareholders and growers, 2013/14 was a challenging year on the pricing front due to the climatic conditions during the 2013 harvest, which impacted whole grain milling yields.

Despite strong sales and good volumes, at year end the additional costs associated with milling the C13 crop stood at approximately \$30 per tonne. These costs did not impact our profit businesses and were borne by the Australian Rice Milling and Marketing Business, which represents the paddy pool.

Fortunately, these increased costs were partly offset in the second half of 2013/14 by a lower Australian dollar, combined with improvements in global rice prices for medium grain.

Against this backdrop we delivered a final full year paddy price for C13 of:

- \$293.61 per tonne for medium grain (Reiziq); and
- \$403.61 per tonne for Koshihikari.

While the final C13 paddy return was 7.5% lower than last year's, it was an outstanding result given the challenges we faced. As a result more than \$340 million flowed through to our regional communities via payments made to growers.

With respect to our B Class shareholders, SunRice's dividend is driven by our Group profit result.

In 2013/14 profits were slightly reduced on previous years following cost increases in our Riviana business and further losses in SunFoods.

The overall Group profit result benefited from growth in sales volumes and revenues in a number of segments, including our global subsidiaries.

Accordingly, we were pleased to announce a fully franked dividend of 23.0 cents per B Share. This represents a payout ratio of 43%, up from 40% last year.

These are good results given the circumstances, and demonstrate the value of having:

- A strong Australian pool business, which pays every last dollar back to growers via paddy prices; and
- A diversified portfolio of profit businesses, from which our dividend payments are derived.

Rob will spend more time on the results next, along with our operational achievements for the year. However as Chairman, I wish to highlight SunRice's continued commitment to and reinvestment in regional Australia.

We have invested heavily in our Australian operations to:

- Deliver improved productivity and efficiency outcomes;
- Meet the demands of a changing market; and
- Create new opportunities for employment and wealth creation in our regional centres.

In 2013/14 this included a substantial upgrade to our retort facility in Leeton.

When completed, this project will enable the production of SunRice's value added steamed rice products to move from Thailand to the Riverina, and subsequently create new roles in our region.

At a time when many Australian manufacturers are struggling, this is an outstanding achievement. Few can lay claim to on-shoring production from offshore markets given the intrinsically higher cost base manufacturers face in Australia.

I'm extremely proud of the fact we have the capacity to make these types of investments in regional Australia, even more so when you see the confidence and talent thriving in our communities as a result.

This was further reinforced only last week when SunRice won the Excellence in Export category for the Murray-Riverina region at the NSW Business Chamber Awards. This follows our return to world markets and the related investments made in our people, product and export related infrastructure.

SunRice will now compete in the Excellence in Export category at the State level in November and I hope you'll join me in wishing our team the very best of luck.

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The Board, the CMT and the team at SunRice have worked diligently to pursue growth.

Together – with you our growers and shareholders – we have laid the foundations for a strong and prosperous future.

- Through a combination of control and the late C14 harvest, our debt is the lowest it has been since April 2007, following the acquisition of the storage sheds;
- Our global market share is the largest it has been in five years;
- We have invested \$54 million in capital improvements since the drought broke; and
- We are continuing to innovate and diversify to ensure resilience of SunRice's earnings.

This includes our venture in North Queensland to acquire the assets of the Blue Ribbon Rice Group. As we've previously communicated, this transaction is subject to ACCC clearance.

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With respect to the Riverina, I hope that all of our A Class shareholders have now received a copy of the independent research undertaken by Booth Associates. It clearly demonstrates why rice should be the 'first choice summer crop' for the vast majority of growers in our region.

In order to assist with your budgeting and planning for the year ahead, we are pleased to today announce an early - and substantial - lift to the indicative paddy price for C14.

Pricing for the rice crop just harvested now sits at at least \$340 per tonne for medium grain and \$470 per tonne for Koshihikari.

We will seek to maximise the final C14 paddy price, subject to market conditions. While we know you want early price signals, growers shouldn't expect a series of further uplifts in the months ahead.

We are firmly focused on the Riverina and are calling on our growers to produce at least 950,000 tonnes of paddy for C15. I want to remind those of you who are growers that we have premium markets secured for this volume. It is in your interest and the company's to increase production locally.

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As most of you will be aware, developing a solution to preserve our industry structure and deliver on the Capital Structure Review's objectives has been a substantial undertaking. It has required time - too much time I know - and very significant investment. However, it is critical that we get this right.

In the past 12 months \$2.8 million was invested in the Review as we moved closer to defining a unique approach to our company's unique challenges. This expenditure was related to the expert advice necessary to protect the interests of our shareholders' - both A Class and B Class.

In line with this, we have considered, explored, refined and rejected a range of possible solutions since the Review commenced.

It's important to acknowledge that what we are trying to do is very difficult - it is new and uncharted ground - and as a result the process has been very difficult also. If I'm frank, we probably underestimated the challenge.

We have gone up some "dead ends", however I'm pleased to advise that as recently as last week we have had constructive discussions which could result in a proposition being put to you, our shareholders.

While there is still much work to do, I want to reiterate that the approach we are working on aims to deliver on the Board's commitment to preserve the essential elements of our industry structure, as it is today.

The Board is in absolute alignment with the feedback received from you regarding preserving A Class shareholder rights or grower control – not just for a period of time, but on an **ongoing basis**.

That means preserving A Class Shareholder rights as follows:

- The right to elect Directors to the SunRice Board.
- The A Class Shareholder voting majority – that is 75% of A Class Shareholders have to vote in favour of any change of control of the company and of any change to the Constitution; and
- A Class Share eligibility, which is tied to the delivery of 200 tonnes of rice in the two most recent seasons.

Preserving our industry structure in this way is fundamental to the Review.

I know you will have many questions, and I assure you we will get to these when we have details to share.

Until then, I want to again make it clear that preserving grower control is a **non-negotiable** for the Board. There is no path forward for SunRice without this in place.

Before closing, I wish to remind you that earlier this month we celebrated 100 years since the first rice crop was planted in Australia.

Our company has developed into the global food group it is today over many decades because we've never been afraid of change.

- For 64 years, we have flexed, grown and when necessary, reinvented ourselves to not only stay relevant, but a step ahead.
- We have always considered our markets first, focusing on our customers' needs when choosing and pricing varieties.
- And we have always been self-sufficient, carving out our niche and our own opportunities, often in heavily subsidised global marketplaces.

To this end, the Australian rice industry – our growers, our shareholders, our employees and our partners – are perhaps more aligned and innovative than any other commodity group in this country. And for that, we should be very proud.

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Finally, I would like to acknowledge my fellow Board members, Deputy Chairman, Noel Graham and former Deputy Chairman, Mark Robertson, for their work this year and their continual loyalty and dedication to our company.

I would like to recognise the fantastic efforts of our Corporate Management Team this year, and thank CEO Rob Gordon, who has been an essential part of our growth. We have an incredible wealth of talent within SunRice and this is obvious in what we've achieved during the past 12 months.

The Ricegrowers' Association of Australia has continued to provide leadership for our industry, guided by President Les Gordon. As you well know, Les is an exceptional champion for SunRice, our growers and our collective future, as is Executive Director Ruth Wade. And thanks also to the contribution of the Rice Marketing Board, led ably by Chair Robyn Clubb.

I'd like to finish by thanking our growers and shareholders – who respectively, entrust us with the marketing of their premium product, and who fund this fine business.

Our future is bright. And it is one we have forged together. Thank you.