

SunRice Update



December 2014 ~ Number 81

Paddy price uplift, early payment & special dividend following outstanding half year result

It gives me great pleasure in my final Update as SunRice Chairman to announce an outstanding half year result, an equally impressive full year outlook, an uplift in the paddy price and a special dividend for our B Class shareholders.

\$20 uplift to C14 paddy price to \$360

Our Australian Rice Milling and Marketing business, which underpins our paddy price, delivered impressive sales growth across international markets in the first half. When combined with improved milling yields for the C14 crop and strong global pricing, this has had a positive effect on the C14 paddy price.

As a result, the Board and I are delighted to announce a \$20 increase to the indicative C14 full year paddy price, lifting it to at least \$360 per tonne for medium grain (Reiziq) and \$490 per tonne for Koshihikari. This represents an additional \$16.6 million that will be made in payments to our growers.

Special Dec & early Feb paddy payment

This \$20 uplift will be paid via a special supplementary payment on Friday 19 December. Given the strong outlook for the second half we have also determined to bring the 23 February 2015 payment forward to 3 February 2015, as per the payment schedule overleaf.

39% uplift in half year profits

With respect to our half year results for the six months to 31 October 2014 (HY 15), I am pleased to advise that consolidated revenue for the Group was \$607 million, up 9.5% compared with the same period last year. Net profit after tax was \$22.7 million, 38.8% higher than the six months to 31 October 2013.

These are outstanding results that the Board, management, shareholders and growers should all be proud of.

Special 5c dividend for B Class Shares

In line with the first half performance in our profit (or non-paddy pool) businesses, we are also delighted to announce a special fully franked dividend payment of 5 cents per B Class Share. This will be paid to B Shareholders on 15 January 2015.

We are equally pleased to be able to support our B Class Shareholders in this way as we enter the New Year. Please note the Board will consider the annual dividend in July as per our normal practice.

\$47m in full year profit anticipated

Following the strong first half, we are anticipating positive conditions will continue in the second half. As a result, today we took the opportunity to revise our full year outlook for Group profit after tax to around \$47 million. This represents a 40% year-on-year uplift on the prior year.

Half year drivers

The results shared in this update were achieved despite unfavourable foreign exchange movements that impacted our profit businesses.

Gerry Lawson AM
Chairman



SunRice Update

Factors that contributed to our success included improved operating performance in the Group's profit businesses as a result of the successful execution of our strategy to grow sales in value added, branded products through innovation. This was aided by improved product mix, sales price increases and volume uplift.

Our capital investment program of recent years supported this growth, while our focus on controlling costs and driving greater efficiencies and productivity also helped to deliver improved operating performance during the first half.

Pleasingly our global businesses contributed to the profit improvement and helped to offset the challenging first half trading conditions faced by CopRice, driven largely by a weaker dairy feed sector.

Riviana also achieved improved performance in the first half through pricing gains, greater efficiencies and reduced costs, despite pressure as a result of the weaker Australian Dollar and competitive domestic retail landscape.

Finally, the Group benefited from a reduction in the effective tax rate to 31.6% in the first half.

Farewell

As I noted in my earlier letter to you, now is the ideal time for me to retire as Chairman. SunRice is in excellent shape and in excellent hands. It has been my absolute privilege to work with you all and to be involved with my fellow Directors and management in shaping this great company. I look forward to continuing to grow rice and to watching SunRice and our regions prosper.



C2014 Payment Schedule (Traditional Pool \$/Tonne)

	Sherpa							Organic	Bio-Dynamic
	Reiziq	Illabong	Langi	Doongara	Opus	Kyeema	Koshi	Premium	Premium
1st payment (paid)	200.00	188.00	231.00	222.00	231.00	270.00	276.00	70.00	70.00
2nd payment (paid)	50.00	48.00	55.00	53.00	55.00	61.00	61.00	30.00	30.00
Supplementary payment (19 December 2014)	20.00	20.00	20.00	20.00	20.00	20.00	20.00		
3rd payment (3 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	360.00	340.00	415.00	400.00	415.00	480.00	490.00	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.

