



24 June 2015

Dear Shareholder / Grower,

SUNRICE DELIVERS OUTSTANDING FINANCIAL RESULT FOR FY15

- **Consolidated revenue for the Group of \$1.25 billion, up 8.3% year-on-year**
- **Net profit after tax of \$49.2 million, up 46.8% year-on-year**
- **Record fully franked dividend of 31.0 cents per B Class share (includes a special dividend of 5.0 cents per B Class share paid in January 2015), up 34.8% year-on-year**
- **Final C14 full year paddy price of \$394.62 per tonne for medium grain (Reiziq), up 34.4% year-on-year and \$524.62 per tonne for Koshihikari**

I am pleased to advise that SunRice's outstanding financial results for the 12 months ended 30 April 2015 (FY 15) were released today and are now available on the NSX. SunRice has achieved a significant uplift in revenue and profit compared with the same period last year.

SunRice reported consolidated revenue for the Group of \$1.25 billion, up 8.3% compared with the same period last year. Net profit after tax was \$49.2 million, 46.8% higher than the 12 months to 30 April 2014. The company improved Return on Capital Employed (ROCE) for a sixth consecutive year, with ROCE increasing from 14.1% in FY14 to 15.8% in FY15, up 170 basis points.

The Board is pleased to advise a final Crop Year 14 (C14) paddy price of \$394.62 per tonne for medium grain (Reiziq) and \$524.62 per tonne for Koshihikari. The Board has also previously advised a positive outlook for C15 with a strong indicative year end price range of \$350-\$370 per tonne for medium grain. We trust that growers will be encouraged by the latest pricing and will continue to make rice their first choice summer crop.

In our Rice Pool business, performance was driven by impressive sales and profit growth across international markets. 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.

SunRice is also pleased to declare a record total dividend (fully franked) of 31.0 cents per share for B Class shareholders (this includes a special dividend of 5.0 cents per B Class share paid in January 2015), up 34.8% compared with the same period last year. This represents a dividend payout ratio of 40% and a dividend yield of 6.7% and reflects the strength of our non-Rice Pool business.

We are very pleased to announce such a strong final C14 paddy price, which represents more than \$330 million in payments to our growers and A Class Shareholders, while delivering value for our investor shareholders with the record dividend. The Board is delighted to be able to improve returns for A and B Class shareholders in this way.

The full year financial performance was an outstanding result driven by the successful execution of SunRice Group's strategy to focus on premium branded markets and build capacity and capability across the organisation.

In the three years since introducing the Group's growth strategy in 2011/12, the results have exceeded expectations. In that period we have grown consolidated revenue by \$250 million or 25%, with a strong compound annual growth rate of 7.6%; increased net profit after tax by \$26.5 million or 117%; and increased the full year paddy price for medium grain (Reiziq) by 43.5% from \$275 per tonne in 2011/12 to \$394.62 per tonne in 2014/15.

These results reflect SunRice's substantial platform for accelerated growth, which will benefit our shareholders, growers and the communities we support.

While these results will be presented at the Ricegrowers Limited Annual General Meeting, to be held at 10.30am on Friday 21st August 2015 at Jerilderie Civic Hall, Jerilderie, I wish to draw your attention to the following points in relation to SunRice's performance in 2014/15.

Operational performance

Global consumer markets

SunRice strengthened its position as a global food group in FY15, as we continued to successfully implement our strategy to grow branded sales across key international markets.

The success of our strategy to move from production-led to market-driven sales has been underpinned by our investment in consumer-insights research, improved business capability and the establishment of Centres of Excellence in new product development and marketing.

SunRice's success in overseas markets in 2014/15 included the implementation of our Pan-Arab growth strategy, which resulted in significant year-on-year revenue growth of 41% in the highly-competitive Middle East region; strong volume and profit performance in Asia despite challenging pricing dynamics in several markets; and continued gains in volume and profits across the Pacific.

Domestic markets

Innovation continued to be a key driver for success in the Group's performance across domestic markets, with SunRice exceeding its sales targets across key categories. These results were achieved in a dynamic trading environment that included ongoing pressure from private label and aggressive discounting.

Domestically, in FY15 we continued to focus on product innovation and brand investment to extend our presence. This was highlighted by the launch of 13 new products, including new 100% wholegrain brown rice chips, which has successfully opened a new segment for SunRice in the health food aisle of major retailers.

In 2014/15 we also achieved significant volume growth across our microwave rice category through new packaging and positioning initiatives; further growth in our snacking business; and an increase in market share across our core rice categories.

Subsidiary and complementary businesses

Overall, SunRice's subsidiary and complementary businesses achieved strong results in 2014/15, despite political instability, currency fluctuations and market access in key regions impacting the performance of several businesses.

Trukai Industries delivered a solid financial performance in 2014/15 through revitalised branding, improved distributor relationships and currency management. Following the rapid growth of Trukai's market share in 2013/14, the company achieved a further 3% increase in sales volumes in 2014/15, with key drivers including updated product positioning and brand investment, coupled with supply chain improvements.

We also continue to closely monitor a number of issues that impacted the risk profile for Trukai Industries in 2014/15, including the liquidity of the Kina and the announcement by the PNG Government of its intent to develop a National Rice Policy that seeks to align investment in the local industry with the right to import rice.

A strategic focus on sustainable margins and cost control delivered a significant turnaround in profit performance for our import business Riviana Foods in 2014/15, following the prior year's currency related challenges.

Capital investment and product development underpinned a fourth consecutive year of revenue growth for CopRice in 2014/15, however, challenging conditions in the first half impacted profit performance.

SunFoods also continued to build momentum in 2014/15 to secure sales and profit increases across the U.S. mainland. However difficult operating conditions, including drought and export shipments being impacted by industrial action in the U.S. resulted in the business finishing the year still in a loss making position, in spite of improved profitability compared with the prior year.

Capital re-investment program

SunRice's capital investment program has also supported growth across the Group. Since 2011/12 we have invested \$80 million in capital expenditure to build operational capacity, with \$34 million invested in 2014/15.

This investment has included equipment upgrades and process improvements at the Leeton rice cakes and packaging plants; and the commissioning of the new \$9 million steamed rice retort production facility in Leeton, which has allowed the company to repatriate steamed rice production to the Riverina from Thailand, securing additional employment, further demonstrating our commitment to rural Australia.

This investment in capital expenditure is already delivering improvements in productivity and efficiency, while reducing costs and ensuring the business is able to benefit from a greater ability to process and add value to our Australian crop.

SunRice Group financial highlights and reconciliation

Finally, in line with the previous 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	FY15	FY14	Y-o-Y Change
Sales revenue (\$bn)	1.25	1.15	Up 8.3%
Group net profit after tax (\$m)	49.2	33.5	Up 46.8%
Paddy price (\$ per tonne)	394.62	293.61	Up 34.4%
Dividend (c)	31.0	23.0	Up 34.8%
Earnings per share (c)	77.9	53.3	Up 46.1%
Year End Gearing (%)	43.9	43.6	Up 0.3%
Return on Capital Employed (%)	15.8	14.1	Up 170 bps

Thank you and AGM details

Thank you for your 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, 21 August 2015. 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,



Laurie Arthur
Chairman