



21 August 2015

Dear Shareholder / Grower,

Re: 2015 SunRice AGM Update

- **\$10 increase to the indicative C15 full year paddy price (to \$360 - 380 per tonne)**
- **Group profit after tax anticipated to be broadly in line with 2014/15 result**
- **Capital Restructure announcement expected in October, following further shareholder engagement**

Today we met with shareholders in Jerilderie for our Annual General Meeting to present the results for the 2014/15 (FY15) financial year and outline a strong outlook for the future, including a progress update on the Group Strategy and Capital Structure Review.

FY15 – Reaping the rewards of investment

As previously communicated, the company's results for the 12 months ending 30 April 2015 included consolidated revenue for the SunRice Group of \$1.25 billion, up 8.3% on the previous year's \$1.15 billion. Net profit after tax was \$49.2 million, up 46.8% on last year's \$33.5 million.

FY15 was a year of growth for SunRice, in which we continued to prepare for change in order to deliver a strong future. As outlined in the Annual Report, the Group achieved impressive revenue and profit growth, while making a significant investment across our operations, products and people, and had resounding success in driving sales across our multiple markets. This resulted in us being able to reward our growers and shareholders accordingly. SunRice paid a final Crop Year 14 (C14) paddy price of \$394.62 per tonne for medium grain (Reiziq), up 34.4% on last year; and \$524.62 per tonne for Koshihikari, up 30% on last year. The Board also declared record fully franked Dividends of 31.0 cents per B Class Share for FY15, which included a 5.0 cent special Dividend, up 34.8% on last year. In total, this represented a payout ratio of 40%.

In the three years since introducing the SunRice Group Strategy, it is pleasing to report that we are well advanced in its execution, with results to date exceeding expectations.

In that time we have performed strongly across key financial indicators and in line with our strategic priorities, we have invested significantly in plant and equipment, talent and capability, and products and brands across the Group to deliver value to our grower and investor shareholders. I encourage you to access a copy of the CEO's AGM presentation on the SunRice website, which outlines achievements to date and provides detail on future focus areas and strategic opportunities.

Outlook for 2015/16 (FY16) and C15 paddy price increase

Following a strong first quarter in the rice pool business, the Board was pleased to today announce a \$10 lift in the price range for the C15 paddy price for A Class shareholders and growers. This takes the indicative full year price range for the crop just harvested to between \$360 - \$380 per tonne for medium grain (Reiziq), with higher pricing for specialty varieties.

This is a continuation of the strong price paid to growers in C14 and, with the potential for further positive movement in the price subject to market conditions, I trust our growers will be encouraged by these indicators.

After last year's outstanding financial results, in which net profit after tax for the Group increased by 46.8%, it is anticipated that Group profit for FY16 will be broadly in line with the previous year's result, subject to the continuation of existing market conditions.

We do however face a number of challenges in the year ahead. As announced previously, we continue to closely monitor a number of issues which impacted the risk profile for Trukai in the past year, 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.

We are also very conscious of water availability and pricing ahead of the next Riverina planting and, while continuing to encourage local production, we are also putting in place contingency plans for a smaller crop than the one delivered this year. Further guidance on financial performance will be provided at the Half Year in December 2015.

Capital Structure Review update

In relation to the Capital Structure Review, SunRice is now in a position of financial strength to take the next step to deliver even greater results for growers and shareholders.

As outlined at today's meeting, we have invested significant time and resources to develop a potential model that is unique to SunRice. The Board and I firmly believe the potential new capital structure is an opportunity to retain grower control into the future while securing our capital base and building a business that can carry us forward for generations to come.

The potential model will improve SunRice's ability to access capital beyond what is available under our current structure, while preserving the key features that exist today, including enduring A Class grower shareholder control.

I'd like to thank those shareholders who participated in Capital Structure Review briefings and surveys over the past few months, providing valuable feedback and input into this important step towards a stronger business for all shareholders.

We have had strong support from those A and B Class shareholders who we've been able to reach to date. However there have been many who have asked for more information in order to make an informed decision on whether they'd like to see the potential model go forward to a vote.

Given this is such a significant decision for SunRice, we are continuing to engage with these shareholders to obtain their feedback, after which time the Board will consider the next steps. We look forward to coming back to growers and shareholders in October with an announcement.

AGM resolution results

A Class shareholders also today considered a range of matters at the AGM, with the results as follows:

RESOLUTION	OUTCOME
1. Remuneration report	Carried
2. Election of External Director, Grant Latta	Carried
3. Election of Rice Marketing Board Member, John Bradford	Carried
4. Election of Executive Director, Rob Gordon	Carried

I congratulate all Directors, including the Active Grower Directors appointed earlier this week, and look forward to working with both our new and re-elected Directors in the months ahead.

All AGM presentations, speeches and voting results are available on the NSX and investor section of the SunRice website.

Looking ahead

SunRice continues to have more demand in premium markets for Australian rice than actual supply. We encourage our growers to plant as much rice as they can in what we know are difficult circumstances.

Thank you for your ongoing support and the Board and I look forward to your partnership and dialogue as the year continues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Laurie', with a stylized flourish at the end.

Laurie Arthur
Chairman