



NSX Announcement

5 August 2016

Trukai Industries: Developments in Papua New Guinea

On 4 August 2016, representatives of Trukai Industries Ltd (Trukai), a 66% owned subsidiary of SunRice, attended a consultative meeting convened by the Papua New Guinea (PNG) Government's Department of Agriculture and Livestock (DAL) to discuss the introduction of a quota system with regards to PNG's domestic rice market, as part of the National Rice Policy.

The implementation of the National Rice Policy has been a potential development in PNG that SunRice has been monitoring for several years. SunRice has previously relied upon commitments made by the PNG Government that Trukai would not be disadvantaged by any implementation of the Policy.

During the meeting, DAL stated that a proposed quota system would be implemented to provide Naima Agro-Industry Ltd with 80% of the PNG rice market, with remaining participants, including Trukai, to share 20%.

DAL did not provide an indication regarding a timetable for the implementation of this quota system.

SunRice anticipates that if the quota system were to be introduced it could have a substantial negative impact on SunRice's financial performance, in the absence of mitigating business strategies. In FY2016, sales by Trukai in PNG contributed \$364 million of the aggregate \$1,266 million of revenues received from external customers and made a substantial contribution to the net profit before tax reported by SunRice.

SunRice is currently investigating and assessing the full extent to which the proposed quota system would impact on Trukai's business, including the options to challenge its implementation.

SunRice will provide relevant updates when information becomes available, in order to:

- Further clarify the situation in relation to the implementation of the quota;
- Assess the potential impacts of the quota system on SunRice and Trukai businesses; or
- Outline in more detail the options open to challenge the implementation of the quota system.

About SunRice

SunRice is a \$1.27 billion global food business and one of Australia's leading branded food exporters. With sales, marketing and operations spanning the globe, we supply domestic markets and almost 50 countries with diverse and nutritious food products, from table rice, flour and snacks, to rice meals and companion animal and livestock products. For more information visit www.sunrice.com.au