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SunRice profit proves it can make it on the ASX



Rob Gordon has built a resilient business with five separate divisions. **Louie Douvis**



by [Tony Boyd](#)

Australia's rice-growing monopoly, SunRice, looks to be headed for an ASX listing next year after chief executive Rob Gordon delivered [another strong profit result](#). SunRice will make a welcome addition to the listed agricultural sector which has suffered for years from poor-performing companies such as Nufarm and Elders.

Both those companies are finally turning around as new companies, including Bellamy's Organic Foods and Capilano Honey, ride the wave of Chinese demand for quality Australian produce.

SunRice is listed on the NSX which is the equivalent of a morgue because of the lack of liquidity and complete lack of profile.

In the six months to October 31, SunRice delivered a 5.8 per cent rise in revenue to \$642 million and a 5.4 per cent lift in net profit to \$23.9 million.

Gordon has restructured the company so that it is no longer beholden to the vagaries of the annual rice production.

This year's crop will be one of the lowest for many years at about 300,000 tonnes. That is about a third of the record crop of 1.1million tonnes in 2013. Two reasons for the lower

crop this year are the high price of water and lack of availability of water for those growers with a general entitlement.

The drought, which has accompanied El Nino conditions in the Pacific Ocean, has pushed water prices in the Murrumbidgee Valley to \$240 a megalitre. The price of water is about \$280 a megalitre in the Murray River Valley.

Water allocations for general entitlement in the Murrumbidgee are about 30 per cent and 19 per cent in the Murray.

Gordon has managed to overcome the local volatility in rice production through the SunRice trading business, which acquires rice internationally and repackages here for sale as processed food.

Gordon has managed to build a resilient business with five separate divisions including international rice, which includes the Trukai business in Papua New Guinea, the Rice Food business, which involves the marketing and distribution of rice based products, and Riviana, which imports and distributes consumer food products.

The proposed listing of SunRice on the ASX is [likely to happen in the new year](#). But even those rice growers who support the complicated structure put in place to guarantee their control of the company want to see the offer document.

A capital restructuring booklet with an independent expert's report will be published in February.

PROUST DRAWS LINE ON DIVERSITY

Elizabeth Proust's appointment as chairman of the Australian Institute of Company Directors was accompanied by a tough new approach to gender diversity.

Under Proust's leadership, the AICD will be demanding quotas for women on boards by 2018 if the percentage of female directors on boards does not reach 30 per cent.

Although only 22 per cent of directors on the boards of S&P/ASX 200 companies are women, the rate of appointment of women to boards was running at about 34 per cent of all directors in 2015.

If that rate of appointment of women is maintained, along with the average turnover of directors of about 10 per cent, then the AICD three year target for female diversity will probably be met.

But if there is any slippage, there could well be unintended consequences.

If the number of women appointed to boards drops or the turnover falls, it is possible that every director appointed in 2018 will have to be a woman.

A recent survey of 80 chairmen, directors and chief executives by Blenheim Partners uncovered a simmering disdain among some directors for the emerging new group of female directors.

There was no direct attack on the appointment of women to boards but it was clear from the critical comments made about the new wave of "young, professional directors" that this was a reference to women.

Chanticleer assumes the negative comments were from those who could not cope with being challenged by women.

At a function launching the Blenheim report last week investor Mark Carnegie said studies had proven that it was best to have at least three women on a board to achieve the maximum benefit for shareholders.

Only 38 per cent of top 200 companies have reached the 30 per cent target and 28 companies have no women on their boards.

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