



The Rice Food Experts

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8 November 2007

Dear Shareholder

I wish to advise you of the actions SunRice has been forced to take as a consequence of the ongoing drought. These actions were announced to our employees today at industry-wide site briefings.

The 2008 crop has now been estimated at around 15,000 tonnes - the lowest in our industry's history since 1928. In response to this SunRice will implement a series of measures to downscale the company's Australian paddy handling and rice milling operations and support services. International rice trading will be increased to ensure that SunRice's business as a supplier of quality rice products can continue to operate successfully. Attached is a Media Announcement which provides details of the operational changes.

To the extent possible, SunRice is committed to keeping these changes to the bare minimum and to ensure that we maintain our core skills and capabilities. We deeply regret that the changes will see loyal SunRice people, who have demonstrated great skill and commitment leave the business. However the current conditions leave us with no choice.

As with previous changes to operations, SunRice will ensure that all affected employees will receive their full entitlements and severance payments. They will also be offered assistance in the form of counselling, financial advice and job transition services. I would ask you all to support our people in whatever way you can over the next few months.

The SunRice business remains sound, with its strong focus on brands, global trading and complementary businesses. In 2007, the complementary businesses produced a net profit before tax of \$33.6 million and continue to perform strongly in 2008. These profits are not impacted by drought and will underpin the payment of dividends and maintain the profitability of the overall business. It remains the Board's objective to continue to pay a dividend of at least 21.5c per share.

We are well positioned to deal financially with the redundancy and other costs associated with the operational downscaling and the overall financial performance of the company will not materially change.

Should you have any questions regarding these changes, I urge you to contact myself or one of my fellow Directors.

Yours sincerely

Gerry Lawson
Chairman

Media Announcement

8 November 2007

Drought related downscaling announced

SunRice today announced a temporary downscaling of its Australian paddy handling and rice milling operations following the industry's fifth year of drought.

SunRice CEO Gary Helou said while he had every confidence that Australian rice production would return to normal levels as soon as the drought ends, the window for planting had effectively closed and the latest grower surveys had predicted a 2008 rice crop of around 15,000 tonnes.

"The 2008 harvest will be the lowest in the rice industry's history since 1928. Our priority now is to keep as many people as possible in the business and to ensure we do not lose any permanent industry infrastructure. Both are critical to ensuring the company is in a strong position to respond quickly when the drought breaks," he said.

"Due to the drought and low crop size, we have made the difficult decision to place the Denilquin and Coleambally mills on a care and maintenance program with no processing from 21 December 2007, as well as significantly reducing Paddy Operations progressively through until April 2008. Furthermore, we have decided to reduce shift arrangements at Leeton mill, from three to two shifts, effective 30 April 2008.

"Unfortunately, we cannot maintain our current level of operations with a crop that represents just over one per cent of normal production. While SunRice's international rice trading arrangements will ensure that the company's business as a supplier of quality rice products will continue to operate successfully, the reality of small Australian production must be addressed."

Mr Helou said the decision to implement the measures was made following extensive investigations, analysis and business modelling. He said the downscaling would result in approximately 180 redundancies across SunRice operations. Despite the difficult circumstances, SunRice continues to employ 670 people across Australia in its rice milling, rice foods processing and other businesses, including 400 people in the Riverina region of NSW.

"We exhausted every possible avenue before making the decision to reduce operations," he said.

"The decision was difficult as it impacts SunRice people who have demonstrated great skill and commitment to the company. Regrettably, the downscaling was the only responsible way forward in the face of an unrelenting drought."

Mr Helou said all affected employees would receive their full entitlements and severance payments. SunRice has also arranged counselling, financial advice and job placement assistance and training for those affected.

"We are doing all we can to assist employees and their families and I ask that our staff and the community also pull together to support those affected at this difficult time. We hope there will be the opportunity to work together again when the drought breaks and production returns to normal."

Mr Helou said SunRice and its subsidiary brands would not be affected. The company will continue to supply its markets with quality branded rice food products through Australian paddy supplies, supplemented by its extensive international trading arm.

“Despite the current drought, we continue to have a strong business built on a proud tradition of producing and marketing an exciting range of branded rice food products that are in strong demand in our domestic and international markets,” he said.

“The changes will have no impact on our international trading and complementary businesses, which continue to perform strongly and underpin our dividend payments and overall business profits. We are well positioned to deal financially with the redundancy and other costs associated with the operational downscaling. The overall financial performance of the company will not materially change.”

About SunRice

Ricegrower’s Limited, now trading as SunRice, is Australia’s leading branded rice food company, with products marketed in over 60 countries around the globe. SunRice has annual sales of over AUD740 million and continues to be a major employer in the Riverina region of NSW.

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