

GFL.11019

22 July 2008



**The Rice Food Experts**

Dear Shareholder

Please find enclosed the 2008 Ricegrowers Limited Annual Report which covers the period from 1 May 2007 to 30 April 2008.

I am delighted to report that SunRice recorded another strong earnings performance with consolidated sales revenue of over \$708 million, and a medium grain paddy return of \$328 per tonne for the 2007 crop of 166,707 tonnes. The company has also paid a dividend of 22.5 cents per B Class Share, a total of approximately \$7.7 million, for the 2007/08 financial year.

The Notice of Meeting for the Ricegrowers Limited Annual General Meeting is also enclosed. The meeting will be held at the Jerilderie Civic Hall, 33 Jerilderie Street, Jerilderie, at 10.30 am on Friday 29 August 2008.

In accordance with the Constitution, only A Class Shareholders have the right to vote at General Meetings of the company.

As discussed at the shareholder meetings in June, the Board strongly supports share ownership to strengthen the alignment of the interests of employees and independent directors with that of the company and its shareholders. Therefore, the matters to be considered at the Annual General Meeting include the establishment of an Employee Share Plan ("the Plan") under which employees and independent directors will be able to hold B Class Shares in the company.

The terms of the proposed Plan are set out in the Plan document which accompanies the Notice of Meeting. The key aspects of the Plan are:

- B Class Shares may be acquired by persons approved by the Board who are either employees or independent directors. The purchase price of these shares will be determined by the Board. It is the Board's intention that the price of the shares issued under the Plan will be the same as the price of the shares issued to other B Class Shareholders.
- The number of B Class Shares issued under the Plan, and the timing of when those shares are issued, will be determined by the Board. However, no more than 5% of the total number of B Class Shares in the company can be held by the entire group of employees and independent directors. This means that, collectively, all employees and independent directors cannot hold more than 5% of the total number of B Class Shares of the company.
- In order to maintain this overall 5% limit, employees and independent directors can only acquire B Class Shares through the Plan, or by offers approved by the Board. They cannot purchase shares on the market. This condition, that shares cannot be purchased on the market, continues to apply after employees and independent directors have left the company.
- Employees and independent directors must comply with the Share Trading Policy. This policy restricts the periods during which B Class Shares can be sold and ensures there is no advantage, or perceived advantage, over other shareholders.
- After approval, the restrictions and regulations within the Plan, can only be varied with the consent of A Class Shareholders.

As stated above, the Board regards share ownership as a key element in aligning the interests of employees and independent directors with that of the company and its shareholders. I hope that you will consider this proposal favourably.

On behalf of the Board, I want to thank you for your ongoing support. May we see a return to normal rainfall and improved water availability in 2008/09.

Yours sincerely

Gerry Lawson  
Chairman