

SunRice update

December 2008 Number 70

A letter from our Chairman

Dear Member

I am pleased to inform you that despite the disastrous drought in the Riverina, which is affecting us all, the SunRice business continues to perform very well. The resilience of the business has been remarkable.

With Christmas approaching I hope you have an opportunity to enjoy some respite from the drought with family and friends. It is very important that we continue to support each other during these tough times and particularly at Christmas. We will survive and bounce back when the drought ends.

Half Year Results

The 2008/09 half year results have been completed and lodged with NSX. They can be accessed via the NSX web site (www.nsx.com.au) or the SunRice web site (www.sunrice.com.au).

I am pleased to report that for the six months ended 31 October 2008, the company's results are significantly ahead of the corresponding period last year. Despite the continuing adverse drought conditions in southern Australia, Ricegrowers Limited was able to register significant revenue and profit growth across the majority of its businesses.

Consolidated revenue of \$457 million for the half year was higher than the corresponding period by 28% or \$101 million. This increase in revenue is due to the combined impact of higher global rice prices and the continued growth in the groups value-add rice food business.

Profit before income tax for the six months period was \$81.8 million compared to \$9.7 million for the same period last year. The growth in profits is attributed to the growing size and profitability of Ricegrowers global trading activities, growth of complementary businesses and effective cost management across the entire business.

Profit after tax for the first half is \$59 million compared to \$8.3 million for the same period last year.

In line with a contraction in global demand, softening commodity prices, including rice, plus the continuing impact of the drought, we are expecting to generate second half earnings more in line with historical performance.



The company is on track to deliver a paddy price of \$404 per tonne for medium grain rice delivered in respect of the 2008/09 financial year (the 2007/08 crop).

We are very pleased to be in this sound position at the end of the half year, given the uncertain global economic outlook.

The Board is committed to ensuring prudent commercial and financial management of the business and is placing a major focus on strengthening the balance sheet, cost management and on our global trading activities.

SunFoods Update

In mid August 2008 we advised shareholders of our investment in a new US joint venture rice milling and marketing company - SunFoods. We took control of the business in October and immediately commenced shipping product to our branded markets in the Middle East.

We are in the process of implementing a planned capacity upgrade to deal with the additional demand created by SunRice's export requirements.



The Rice Food Experts

(Continued on page 2)

Plans to grow the Hinode brand in the US domestic market are well advanced for execution in 2009.

Capital Raising Program

SunRice intends to conduct the fourth phase of its capital raising program in 2009. Our capital raising program aims to develop a strong capital base for the Company to give us the necessary financial strength and flexibility to make sound decisions and long-term commitments. The program particularly aims to encourage shareholders to convert Rice Bonds and RMB Equity to Ricegrowers Limited B Class Shares.

Our last two capital raising programs have been conducted in the second half of the calendar year. This timing adds administrative complexity to the offer. It is therefore our intention to issue the next

prospectus to shareholders in the first half of the 2009 calendar year. Many shareholders have asked us to provide a mechanism to allow them to convert all their RMB Equity (not just the Equity payment associated with one particular year) to B Class Shares. We are investigating how this can be incorporated in the 2009 offer.

I wish you and your family a safe and peaceful Christmas and New Year.



Gerry Lawson
Chairman

Stephanie Rice Appointed SunRice Brand Ambassador

SunRice announced the appointment of Olympic swimming sensation, Stephanie Rice, as SunRice Brand Ambassador in October. Stephanie's engagement in this role was in development for some time following her stunning success at the Beijing Olympic Games earlier in the year. Stephanie shares an obvious name affiliation with SunRice and also loves our products so it made good commercial sense to work together.

Stephanie will work with the SunRice team through until the London Olympics in 2012. Her role will involve marketing, product development, support of various community initiatives such as our UNICEF partnership and generally raising awareness of the health and nutritional benefits of SunRice rice food products.

The appointment was announced at a function in the grounds of the Leeton Office where SunRice Chairman Gerry Lawson and about 150 staff, shareholders and their families welcomed Stephanie to SunRice. Stephanie spoke of her excitement to be working with a great Australian company that shares her views about health and vitality. It was fantastic to see the excitement of the children (and the adults) as Stephanie posed for photographs with them and signed autographs.



Above left: Stephanie at Leeton Swimming Pool
Above right: Stephanie signing autographs

Following the SunRice welcome, Stephanie was escorted to the Leeton Swimming Pool where over 400 local and very excited primary school children had a chance to learn about our Olympic champion. Children from each of the schools had an opportunity to ask Stephanie questions. She then conducted a special swim clinic for members of the Leeton Swimming Club. Overall it was a very happy and successful event.

It won't be long before you see Stephanie featuring in a number of SunRice marketing campaigns.



Above: SunRice's David Keldie interviewing our new brand ambassador - Stephanie Rice.

There is no doubt that when the drought ends the Riverina will remain Australia's main rice production region and SunRice's most important source of rice. However, the drought has caused us to look carefully at various means of diversifying our supply sources and shareholders will be aware of our highly successful global trading activity and our recent acquisition to create SunFoods in California.

Against this background, SunRice has been involved in exploring opportunities for the production of rice in other parts of Australia to supplement Riverina supply. Our subsidiary Rice Research Australia Pty Ltd (RRAPL) and the Grower Services team have been working closely with NSW DPI rice breeders and farmer co-operators to evaluate Riverina varieties and other selected material in replicated trials in a number of northern locations including Coraki in northern NSW and Mackay and Emerald in Queensland.

We have also been working with a number of farmers in the regions around Lismore, Emerald, Bundaberg, Mareeba, Ayr, Katherine and Kununurra who are carrying out trial commercial plantings of rice. The largest concentrations of production are in the Lismore region with around 650 hectares planted and in the Emerald region with around 400 hectares planted. It is possible that 5,000 to 6,000 tonnes could be produced to supplement the 70,000 to 75,000 tonnes we hope will be harvested by Riverina growers.

SunRice has offered to purchase all the rice currently being grown in these locations for processing in the Riverina. The current high prices on offer make it viable for growers to transport rice very long distances. We are currently reviewing the quarantine protocols required to allow this rice to safely enter the NSW Rice Pest and Disease Exclusion Zone.

The best management practices to grow rice successfully in northern Australia are still in the early stages of refinement but will be quite different to those used in the Riverina. The current trials and commercial production experience will no doubt help determine agronomic viability. The economic viability of growing a food crop where there is no processing infrastructure is also an issue. We all know rice prices may cycle to lower levels than on offer today which has to be taken into account. These factors make it difficult to predict the long term potential of rice production in the north but we need to continue our current investigations so the right decisions can be made for the benefit of current and potential growers.

The Australian Government remains committed to developing northern Australia's agricultural potential as a means of coping with climate change and protecting food security. The work we are doing is a good fit with this commitment and we are attempting to leverage government funding for some of our work.



A rice crop showing excellent establishment on the Richmond River flats near Lismore.

C2008 PAYMENT SCHEDULE (TRADITIONAL POOL)

(Exclusive of GST)

	Amaroo Reiziq Quest Jarrah Illabong	Langi	Opus	Kyeema	Koshi
1st Payment (Paid)	242.00	267.00	273.00	309.00	345.00
2nd Payment (Paid)	40.00	44.00	45.00	53.00	59.00
3rd Payment (17 Feb 2009)	20.00	23.00	24.00	26.00	28.00
4th Payment (21 Apr 2009)	20.00	22.00	23.00	25.00	28.00
Appraisal (ave) (21 Apr 2009)	8.00	8.00	8.00	8.00	8.00
5th Payment (19 May 2009)	20.00	22.00	23.00	25.00	28.00
Final Payment (21 July 2009)	54.00	54.00	54.00	54.00	54.00
TOTAL RETURN	404.00	440.00	450.00	500.00	550.00

RICEGROWERS LIMITED DIRECTORS

Gerry Lawson (Chairman)
Mark Robertson (Deputy Chairman)
Laurie Arthur
Noel Graham
Gillian Kirkup

Norm McAllister
Alan Walsh
Grant Latta - External Director
Russell Higgins - External Director
Gary Helou - Executive Director

CORPORATE MANAGEMENT

Chief Executive Officer : Gary Helou
Company Secretary : Mandy Del Gigante
Chief Financial Officer : Claude Cassar
Manufacturing : Mike McLeod
International & Domestic Consumer Markets : David Keldie

International Commodity & Trading : Milton Bazley
Grower Services : Mike Hedditch
Finance : Brad Hingle
People & Culture : Claude Cassar

MANUFACTURING FACILITIES

Leeton Rice Mill
Leeton Convenience Rice Plant
Deniliquin Rice Mill
Coleambally Rice Mill
CopRice Feed Mills
Trukai Industries Limited, PNG
Aqaba Processing Company, Jordan
SunFoods (USA)

Mike McLeod
Court Sayer-Roberts
Care and maintenance program from 21 December 2007
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Wayne Preston
Phil Franklin
Russell Heffernan
Tom Atkinson II