



The Rice Food Experts

18 March 2009

Dear Shareholder

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

The 2009 crop has now been estimated at around 75,000 tonnes. As you are aware, this has come off the back of last year's 19,000 tonne harvest - the lowest in our industry's history since 1928. These levels are nowhere near the 1.2 million tonnes that we have the capacity to handle each year and, unlike last year, we have no rice stocks to carry over to supplement our operations. In response to this, SunRice will undertake a small downscale of the Company's operations in Leeton and consolidate roles and reporting structures across the business. Attached is a media announcement which provides further details of the changes.

SunRice remains committed to our regional ricegrowing communities and will up-scale operations again once the drought has broken and rice harvests return to normal levels. As such, the Deniliquin and Coleambally mills will remain under our 'care and maintenance' program to allow them to be reopened in a short timeframe when needed.

Sadly, this decision will impact on dedicated and loyal staff who have shown great strength during these drought conditions. Unfortunately it is simply not feasible to retain the current staffing levels across operations that rely solely on Riverina rice volumes. SunRice will ensure all entitlements and severance monies will be paid to employees who are made redundant, and assistance will also be offered in the form of counselling, financial advice and job transition services. I would encourage you all to support our people in whatever way you can over the coming months.

The SunRice business fundamentals remain sound, with a strong focus on brands, global trading and complementary businesses. We will continue to expand those areas of the business that are not directly affected by the Australian rice shortage to ensure we remain in a strong position to upscale and reinvest in the Riverina region when the drought breaks.

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