

9 May 2011

Dear Shareholder,

**RE: UPDATE TO SHAREHOLDERS ON FINANCIAL PERFORMANCE AND PADDY PRICING**

As contemplated in the Scheme Booklet regarding the Proposal being put by Ebro, SunRice is providing to you the following information:

- The Pool Price for the Number 2 Pool 2010;
- An update on SunRice's financial performance for the year ended 30 April 2011; and
- An indicative (medium grain) price for the 2011 Pool which will be the minimum price if the Proposal is implemented.

The terms used in this update to Shareholders have the same meaning as in the Scheme Booklet.

**Background**

As previously communicated to Shareholders, global rice market conditions continue to be very challenging for SunRice due to many factors, including the ongoing impact of:

- The strength of the Australian dollar, which adversely impacts our competitiveness in export markets and increases the competitiveness of US medium grain in the domestic market
- Increasing competition from cheaper alternative long grain sources.

The Australian dollar has reached higher levels than SunRice previously expected at the time it advised in the "February 2011 Update" that the likely Number 2 Pool 2010 price would be significantly below the indicative price given at planting time and likely to be in the range \$315 to \$340 per tonne (medium grain).

**The Pool Price for the Number 2 Pool 2010**

In light of the challenging conditions referred to above, the Pool Price of the Number 2 Pool 2010 will be \$320 per tonne (medium grain).

Please be assured that the Board has done everything it considers possible to achieve the highest possible return for growers who have delivered to this pool.

**An update on SunRice's financial performance for the year ended 30 April 2011**

The Board of SunRice expects the profit after tax of the SunRice Group for the financial year ended 30 April 2011 to be at a similar level to the profit after tax of the SunRice Group for the financial year ended 30 April 2010.

The performance of the SunRice Group has been impacted by the performance of the Rice Milling and Marketing division, which continues to suffer due to the drought affected Rice Crop harvested in 2010, the underutilisation of infrastructure and the more difficult rice market conditions referred to above.

In line with normal practice, the Board will only consider any dividends and profit retention after finalising the statutory financial accounts (expected to occur in June 2011). This will only be relevant if the Proposal being put by Ebro is not implemented. On the basis of the Board's expectation of profit for the financial year ended 30 April 2011, the dividend to be paid by SunRice if the Ebro Proposal is not implemented is expected to be reduced by up to 10% compared to that declared for the financial year ended 30 April 2010. However, shareholders should also be aware that if the Board decides to retain profits to help it achieve its stated goals of reducing SunRice's gearing ratio, then the dividend paid in respect of the financial year ended 30 April 2011 may be more than 10% less than that declared for the financial year ended 30 April 2010.

**Indicative (medium grain) price for the 2011 Pool, which will be the minimum price if the Proposal is implemented**

SunRice has finalised the 2010/11 crop budget. The budget was prepared taking into account factors including the challenging market conditions referred to above, which will also impact on the return for the 2011 Pool.

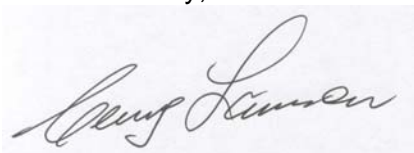
On the basis of the 2010/11 crop budget, the indicative (medium grain) price for the 2011 Pool is \$258 per tonne (medium grain).

It is important to understand that:

- If the Ebro Proposal is implemented, Ebro has agreed that the \$258 per tonne (medium grain) price will be the minimum price paid to Growers for the 2011 Pool. The Ebro pricing method linked to Californian medium grain prices does not apply to the 2011 Pool.
- If the Ebro Proposal is not implemented, the \$258 per tonne (medium grain) price will be an indicative price only for the 2011 Pool. In line with prior practice, the price ultimately paid by SunRice for the 2011 Pool if the Ebro Proposal is not implemented could be higher or lower than this indicative price depending on market conditions, as well as SunRice's capital needs, financial position and view on retentions from paddy prices. Also in accordance with prior practice, SunRice will progressively update Growers on the likely price for the 2011 Pool during the course of the 2011 Crop Year.

The Board has a responsibility to ensure prices paid for rice are commercially prudent. We understand the above prices are lower than Growers may have been expecting but they reflect the challenging conditions being faced by SunRice. We will of course be doing everything possible to maximise prices for Growers whilst ensuring that the prices paid for rice are commercially prudent, and will keep Growers informed.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Gerry Lawson', is written over a light blue rectangular background.

Gerry Lawson  
Chairman