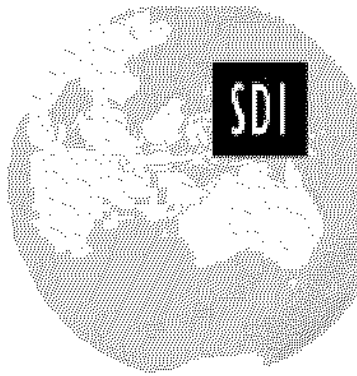




SDI Limited

A.C.N. 008 075 581, A.B.N. 27 008 075 581

Head Office

5-9 Brunson St

Bayswater, PO Box 314

Victoria, 3153 Australia

toll free 1 800 337 008

ph: +61 3 8727 7111

fax: +61 3 8727 7222

info@sdil.com.au

www.sdil.com.au

31 March 2005

Dear Shareholder

The Company has decided to introduce a Dividend Reinvestment Plan which will give shareholders an opportunity to further invest in SDI using their dividend, or part thereof, for payment. A memorandum explaining how the Plan operates is enclosed.

You may recall that SDI participates in the major world dental exhibition: the International Dental Show (IDS), which occurs every two years in Germany and at which SDI releases its new products. The next IDS commences April 13th this year and SDI will be releasing a substantial range of new and highly profitable products. These will further complement SDI's existing range of restorative and tooth whitening materials and the Company expects that these will make a good contribution to its sales for this year.

An update will be issued in May informing you of these new products and the market's acceptance.

Yours sincerely

Jeffery J. Cheetham
Managing Director