

## **Media Announcement**

18 March 2009

### **Regional operations downscaled due to ongoing drought**

SunRice today announced a small reduction in its regional operations following the industry's seventh year of drought.

SunRice CEO Gary Helou said another year of drought and low rice production had made it impossible to sustain Australian operations at their current level.

"For yet another year, we are experiencing critically low rice crop sizes with just 75,000 tonnes expected for the 2009 harvest. This comes off the back of last year's harvest of only 19,000 tonnes, which was the lowest in the industry's history since 1928," he said.

"These levels are nowhere near the 1.2 million tonnes that we have the capacity to process each year, and while we were able to carry over rice stocks for milling in 2008, we have no reserves left in the Riverina to supplement our 2009 operations.

"While SunRice's international rice trading arrangements will ensure that our business as a supplier of quality rice products will continue to operate successfully, the reality of small Australian production must be addressed. Unfortunately, it is impossible to continue operating at the current level at Leeton Mill and in other areas of the business that rely solely on Riverina rice volumes."

Mr Helou said the downscaling will mean 36 people will be made redundant and leave the business over the next six weeks.

"We regret the impact that this decision will have on many of our dedicated employees and their families and will do everything possible to ensure that their transition is managed in the best possible manner. All affected employees will receive their full entitlements and severance payments, and we have also arranged support services in the form of counselling, financial advice and job placement assistance."

Despite the challenging circumstances, SunRice will continue to employ 604 people across Australia in its grain storage, rice milling, rice foods processing and other businesses, and will continue to be a significant employer in the Riverina region.

"We remain committed to our regional rice growing communities and will up scale our operations in the Riverina again as soon as the harvests return to more normal levels," he said.

Mr Helou said SunRice and its subsidiary brands would not be impacted by the decision. The Company will continue to supply its markets with quality branded rice food products through Australian paddy supplies, supplemented by its extensive international trading arm and operations.

"The SunRice business fundamentals remain sound, with strong focus on brands, global trading and complimentary businesses. The areas of the business that are not directly affected by the Australian rice

shortage continue to perform strongly, underpinning our overall business profits and dividend payments and ensuring that we are in a strong position to rebuild our regional operations when the drought breaks.

"We are well positioned to deal financially with the redundancy and other costs associated with this small operational downscaling. The overall financial performance of the Company will not materially change."

**Media inquiries:**

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**About SunRice**

Ricegrowers Limited, now trading as SunRice, is Australia's leading branded rice food company, with products marketed in over 60 countries around the globe. SunRice has annual sales of approximately AUD840 million and continues to be a major employer in the Riverina region of NSW.

Ends...2/2