

NOTICE OF SUPPLEMENTARY BIDDER'S STATEMENT

TO: ASX Limited

On 21 October 2009, in accordance with section 647 of the Corporations Act and ASIC Class Order 00/344, The Maryborough Sugar Factory Limited ("MSF") lodged the following documents with ASIC:

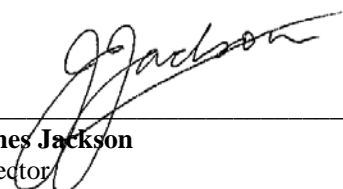
- a Supplementary Bidder's Statement dated 21 October 2009, which supplements MSF's original Bidder's Statement dated 7 October 2009 (lodged with ASIC on 7 October 2009), in relation to the off market takeover bid by MSF for all of the shares in Tully Sugar Limited ("Tully");
- an unmarked Replacement Bidder's Statement dated 21 October 2009; and
- a copy of the Replacement Bidder's Statement marked to show changes from MSF's original Bidder's Statement.

MSF will seek to rely on ASIC Class Order 00/344 and despatch to Tully Shareholders the Replacement Bidder's Statement, which incorporates into the original Bidder's Statement all of the changes specified in the Supplementary Bidder's Statement.


The Supplementary Bidder's Statement and Replacement Bidder's Statement were each approved by a unanimous resolution passed at a meeting of the Directors of MSF held on 21 October 2009.

Dated: 21 October 2009

Signed by James Jackson and Sue Palmer on behalf of The Maryborough Sugar Factory Limited, who are authorised to sign this notice pursuant to a resolution passed by the directors of The Maryborough Sugar Factory Limited on 6 October 2009.



James Jackson
Director



Sue Palmer
Director

This document is a supplementary bidder's statement dated 21 October 2009 given under section 643 of the Corporations Act ("**First Supplementary Bidder's Statement**") to the Bidder's Statement dated 7 October 2009 issued by The Maryborough Sugar Factory Limited ABN 11 009 658 708 and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 7 October 2009 ("**Original Bidder's Statement**"), in relation to the offer by The Maryborough Sugar Factory Limited ABN 11 009 658 708 ("**Offer**") for all of the shares in Tully Sugar Limited ABN 92 011 030 256.

This First Supplementary Bidder's Statement supplements, and is to be read together with, the replacement bidder's statement dated 21 October 2009 ("**Bidder's Statement**"). Changes to the Original Bidder's Statement as supplemented by this First Supplementary Bidder's Statement have been incorporated into the Bidder's Statement.

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

dated 21 October 2009

in respect of the offer by

The Maryborough Sugar Factory Limited

ABN 11 009 658 708



for all of the shares in

Tully Sugar Limited

ABN 92 011 030 256

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement. This First Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on 21 October 2009. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Bidder's Statement.

1 Changes to Original Bidder's Statement

The Original Bidder's Statement is amended as set out below. All page references are to pages in the Original Bidder's Statement as lodged with ASIC, served on Tully and released to ASX on 7 October 2009, unless otherwise stated or the context requires otherwise.

- 1.1 On the cover page:
 - (a) replace the date "21 October 2009" with the date "[●] October 2009"; and
 - (b) replace the date "11 December 2009" with the date "[●] December 2009".
- 1.2 Page 2, directly under the heading "Important information", insert the following paragraph:

"This Replacement Bidder's Statement is dated 21 October 2009 and was lodged with ASIC and the ASX on that date. This Replacement Bidder's Statement replaces the bidder's statement lodged with ASIC on 7 October 2009. References to "Bidder's Statement" are to this Replacement Bidder's Statement."
- 1.3 Page 2, third paragraph after the heading "Important information":
 - (a) after "This Bidder's Statement" delete "is dated 7 October 2009 and"; and
 - (b) replace the date "21 October 2009" with the date "[●] October 2009".
- 1.4 Page 2, under the heading "Australian Securities and Investments Commission", after "A copy of this Bidder's Statement was", insert "originally".
- 1.5 Page 2, under the heading "Important dates":
 - (a) in the second row of the table, right hand column, replace "7 October 2009" with "21 October 2009";
 - (b) in the third row of the table, right hand column, replace "21 October 2009" with "[●] October 2009"; and
 - (c) in the fourth row of the table, right hand column, replace "11 December 2009" with "[●] December 2009".
- 1.6 Page 3, in the first footnote marked with the symbol "^", after "which is the VWAP of MSF Shares for the 20 trading days prior to" replace "the date of this Bidder's Statement" with "7 October 2009 (being the date this Bidder's Statement was originally lodged with ASIC)".
- 1.7 Page 5, directly under the heading "Chairman's Letter", replace the words "7 October 2009" with "21 October 2009".
- 1.8 Page 5, in the paragraph commencing "We are pleased to provide you with", after "Whilst we are disappointed that", replace "the Tully Board has chosen not to formally engage with us yet" with "our discussions did not result in a negotiated agreement in relation to, and recommendation of, our Offer,".

- 1.9 Page 6, in the paragraph commencing “MSF believes strongly”, after “MSF believes strongly that the strategic rationale of combining our two companies is compelling”, delete “and that the potential growth opportunity for Tully from the merger is much greater than for Tully as a stand-alone entity”.
- 1.10 Page 6, in the paragraph commencing “The merger of Tully with MSF”, in sixth bullet point, after “Direct domestic and international Raw sugar customer relationships.” insert “The raw sugar produced at the Tully mill will continue to be marketed by Queensland Sugar Limited under the terms of the agreement that is currently in place. Marketing of Tully’s raw sugar beyond the term of the current agreement will be a matter for consideration by the Merged Group Board.”
- 1.11 Page 6, in the paragraph commencing “The merger of Tully with MSF”, in the ninth bullet point, after “the Merged Group would have net pro-forma interest-bearing debt of some \$43 million compared to total assets of some”, replace “\$321 million, including investments of some \$47 million in STL and investment property” with “\$315 million (excluding cash)”.
- 1.12 Page 7, in the row of the table headed “Maximum historical crush” under the column headed “MSF”, after “2.5mt” insert in superscript the number “¹”.
- 1.13 Page 7, in the row of table commencing “Cane Farming Land”, under the column headed “Tully”, replace “1,000 ha” with “1,250 ha”.
- 1.14 Page 7, immediately below the table and before “All figures in the above table are approximate only.”:
- (a) insert:
- Notes to table:**
- 1 Based on the maximum historical crushes of approximately 985,231 tonnes by the Maryborough mill for the 2006 season and 1,519,341 tonnes by the Mulgrave mill for the 1996 season.
- 2”; and
- (b) delete “*”.
- 1.15 Page 7, in the paragraph commencing “The fact is that the MSF Offer is available” delete the word “immediately”.
- 1.16 Page 7, delete the entire paragraph commencing “In the media release, The Tully board said it was”.
- 1.17 Page 7, in the paragraph commencing “Tully could acquire other mills”, replace “However, this would again not provide any solution to the possible objectives of Tully Shareholders. The Tully 2009 Annual Report (page 5) stated “*In reviewing the strategic direction of [Tully], we have identified a number of possible objectives for shareholders ranging from ‘staying as we are’ to ‘listing on the ASX to maximise value and provide liquidity and an exit mechanism from [Tully]’*”.” with “However this would not achieve a listing of Tully on the ASX.”.
- 1.18 Page 8, delete the entire paragraph commencing “As has been previously communicated”.
- 1.19 Page 8, delete the entire paragraph commencing “We are committed to the future milling operations of Tully” and replace it with:

“As has been previously communicated to the Tully Board, we respect the qualities and heritage of the Tully mill, we are committed to future milling operations there, with appropriate further capital investment if required, and will keep its head-quarters in Tully (see section 4 of this Bidder’s Statement for more information). We know that both our companies support consolidation and rationalisation of milling assets in Far North Queensland.”

- 1.20 Page 9, in the second row of table demarcated “Value”, in the right hand column, after “Based on MSF’s VWAP for the 20 trading days prior to”, replace “the date of this Bidder’s Statement” with “7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC).”.
- 1.21 Page 9, in the fifth row of table demarcated “Dividend stream”, in the right hand column:
 - (a) replace “In recent years, the MSF Board has aimed to pay dividends of up to 50% of profit from ordinary activities after tax. Any future dividends are” with “Payment of dividends by MSF is”; and
 - (b) after “and other factors that the MSF Board may deem relevant in the circumstances.” insert “Tully Shareholders should note that in the financial years ended 30 June 2008 and 30 June 2009, MSF reported after tax losses of \$4,734,000 and \$783,000 respectively and no dividends were paid in those years. MSF has paid dividends in previous years where it has reported positive earnings after tax. See section 2.3 of this Bidder’s Statement for more information.”.
- 1.22 Page 9, in the eighth row of the table demarcated “ASX listed entity”, in the right hand column, after “which would have a strong balance sheet and”, replace “capital raising capability” with “capacity to raise further capital”.
- 1.23 Page 11, in the second row of the table demarcated “What is the value of the Offer?”, in the right hand column headed “Answer”, after “Based on MSF’s VWAP for the 20 trading days prior to”, replace “the date of this Bidder’s Statement” with “7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC)”.
- 1.24 Page 14, in the first row of the table appearing on that page demarcated “Will my MSF Shares be listed on the ASX?”, in the right hand column, replace “Within 7 days of the date of this Bidder’s Statement, MSF will apply” with “On 8 October 2009 MSF applied”.
- 1.25 Page 14, in the fourth row of the table appearing on that page demarcated “When does the Offer close?”, in the right hand column, replace “11 December 2009” with “[●] December 2009”.
- 1.26 Page 15, in the first paragraph after the table, after “using the VWAP of MSF Shares in the 20 trading days prior to”, replace “the date of this Bidder’s Statement” with “7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC)”.
- 1.27 Page 15, in the paragraph directly under the heading “Offer Period”, replace “11 December 2009” with “[●] December 2009”.
- 1.28 Page 16, in the paragraph directly under the heading “How to accept the Offer”, replace “11 December 2009” with “[●] December 2009”.

- 1.29 Page 20, under the heading “1.5 Merger Experience”, in the first bullet point, after “to allow for long term sugar pricing out to the 2012 season,” replace “shortly to be extended” with “with the expectation that the agreement will shortly be extended”.
- 1.30 Page 27, under the heading “2.2 Trading of MSF Shares”, in the second paragraph:
- (a) after “The highest recorded sale price of MSF Shares on ASX in the four months before this Bidder’s Statement was lodged with ASIC” insert “on 7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC)”;
 - (b) after “The lowest recorded sale price of MSF Shares on ASX in the four months before this Bidder’s Statement was lodged with ASIC” insert “on 7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC)”.
- 1.31 Page 27, under the heading “2.2 Trading of MSF Shares”, in the third paragraph, after “consistent with its VWAP for the 20 trading days prior to” replace “the date of this Bidder’s Statement” with “7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC).”
- 1.32 Page 27, under the heading “2.2 Trading of MSF Shares”, in the fourth paragraph:
- (a) after “The closing price at which MSF Shares traded on the day before” delete “the date of”; and
 - (b) in the same sentence, after “this Bidder’s Statement” insert “was originally lodged with ASIC on 7 October 2009”.
- 1.33 Page 28, under the heading “2.3 Dividends”, in the first paragraph, delete “In recent years the MSF Board has aimed to pay dividends of up to 50% of profit from ordinary activities after tax.”.
- 1.34 Page 28, under the heading “2.3 Dividends”, in the third paragraph (which becomes the second paragraph after making the change referred to in paragraph 1.33 of this First Supplementary Bidder’s Statement):
- (a) replace “Any future dividends are” with “Payment of dividends by MSF is”; and
 - (b) after “and other factors that the MSF Board may deem relevant in the circumstances.” insert “Tully Shareholders should note that in the financial years ended 30 June 2008 and 30 June 2009, MSF reported after tax losses of \$4,734,000 and \$783,000 respectively and no dividends were paid in those years.”
- 1.35 Page 28, under the heading “2.3 Dividends”, after the preceding paragraphs (as amended by this First Supplementary Bidder’s Statement), insert the following:

“The following table sets out MSF’s total dividend payments for the last 5 financial years.

Year	Dividends paid
2009	Nil
2008	Nil

2007	\$875,966
2006	\$1,842,802
2005	Nil

”

- 1.36 Page 34, in section 4.3, under the sub-heading “(d) Operations and assets”, after “MSF expects Tully to continue as a sugar milling company in substantially the same manner as it is presently operated.” insert a new unnumbered paragraph:

“The raw sugar produced at the Tully mill will continue to be marketed by Queensland Sugar Limited under the terms of the agreement that is currently in place. Marketing of Tully’s raw sugar beyond the term of the current agreement will be a matter for consideration by the Merged Group Board.”

- 1.37 Page 34, in section 4.4, in sub-heading “(a)” replace the title of the sub-heading as “Operations, assets and employees” with “Location of office, operations, assets and employees”.
- 1.38 Page 34, in section 4.4, under the sub-heading “(a)”, after “to the extent possible and appropriate” insert “and that Tully will continue to be headquartered in Tully”.
- 1.39 Page 35, in section 4.5, in sub-heading “(a)” replace the title of the sub-heading as “Operations, assets and employees” with “Location of office, operations, assets and employees”.
- 1.40 Page 35, in section 4.4, under the sub-heading “(a)”, after “to the extent possible and appropriate” insert “and that Tully will continue to be headquartered in Tully”.
- 1.41 Page 37, in section 5.1, in the third paragraph after the sub-heading “(ii) Basis of preparation”, after “**being the VWAP of MSF Shares for the 20 trading days prior to**”, replace “**the date of this Bidder’s Statement**” with “**7 October 2009, being the date this Bidder’s Statement was originally lodged with ASIC**”.

1.42 Page 39, in section 5.2, delete the pro-forma balance sheet table and replace it with:

Pro-forma Consolidated Balance Sheets of Merged Group				Scenario 1 Excluding benefit of tax consolidation	Scenario 1 Including benefit of tax consolidation	Scenario 2 Excluding benefit of tax consolidation	
	MSFL 30/06/2009 \$000	Tully 30/04/2009 \$000	Adj 1 \$000	100% Tully purchased \$000	Adj 2 \$000	100% Tully purchased \$000	80% Tully purchased \$000
Current assets							
Cash and cash equivalents	4,690	2,082	(1,000)	5,772		5,772	5,772
Trade and other receivables	5,463	17,231		22,694		22,694	22,694
Derivative financial instruments	5,503	-		5,503		5,503	5,503
Inventories	13,725	5,713		19,438		19,438	19,438
Biological assets	3,435	1,875		5,310		5,310	5,310
Total current assets	32,816	26,901	(1,000)	58,717	-	58,717	58,717
Non-current assets							
Trade and other receivables	321	-		321		321	321
Inventories	1,093	-		1,093		1,093	1,093
Available-for-sale financial assets	36,365	5,506		41,871		41,871	41,871
Property, plant and equipment	113,366	121,374	(27,745)	206,995		206,995	206,995
Investment property	-	5,210		5,210		5,210	5,210
Deferred tax assets	3,535	-		3,535		3,535	3,535
Other non current assets	184	-		184		184	184
Intangible assets	3,408	4		3,412		3,412	3,412
Tot: Total non-current assets	158,272	132,094	(27,745)	262,621	-	262,621	262,621
Total assets	191,088	158,995	(28,745)	321,338	-	321,338	321,338
Current liabilities							
Trade and other payables	11,284	11,093		22,377		22,377	22,377
Interest bearing liabilities	14,282	132		14,414		14,414	14,414
Derivative financial instruments	22,187	-		22,187		22,187	22,187
Provisions	2,023	1,325		3,348		3,348	3,348
Total current liabilities	49,776	12,550	-	62,326	-	62,326	62,326
Non-current liabilities							
Trade and other payables	2,413	-		2,413		2,413	2,413
Interest bearing liabilities	33,769	849		34,618		34,618	34,618
Derivative financial instruments	9,512	8,956		18,468		18,468	18,468
Deferred income/grants	-	1,726		1,726		1,726	1,726
Deferred tax liabilities	-	20,262	(8,323)	11,939	(17,606)	(5,667)	11,939
Superfund liability	-	2,068		2,068		2,068	2,068
Provisions/other	280	2,783		3,063		3,063	3,063
Total non-current liabilities	45,974	36,644	(8,323)	74,295	(17,606)	56,689	74,295
Equity							
Ordinary equity	77,922	31	90,349	168,302		168,302	150,201
Reserves	1,809	59,128	(59,128)	1,809		1,809	1,809
Retained earnings	15,607	50,642	(51,642)	14,607	17,606	32,213	14,607
Minority interest	-	-		-		-	18,070
Shareholders funds	95,338	109,801	(20,421)	184,718	17,606	202,324	184,687
Total liabilities and equity	191,088	158,995	(28,745)	321,338	-	321,338	321,307

1.43 Page 39, in section 5.3 under sub-heading “(a)”, in the bullet point headed “Scenario 1”, after “being the VWAP of MSF Shares for the 20 trading days prior to” replace “the date of this Bidder’s Statement” with “7 October 2009 (being the date this Bidder’s Statement was originally lodged with ASIC)”.

1.44 Page 40, after the words “Refer to section 8 of this Bidder’s Statement for further information.” appearing in section 5.3, sub-heading “d”, insert new heading and section:

“5.4 Notes to Merged Group pro-forma balance sheet

- (a) The loans of \$14,282,000 included within MSF’s current liabilities represent working capital funding facilities of \$8,398,000 and \$5,884,000 of other facilities. All of these current liabilities will be repaid in the normal course of business from the proceeds of the 2009 season. As at 30 June 2009, MSF had unutilised facilities of \$7,602,000.

- (b) MSF enters into derivative contracts which protect the company against movements in sugar prices and in the US dollar/Australian dollar exchange rate. These contracts have the effect of locking in a future Australian dollar sugar price.

MSF's policy allows pricing in respect of up to 50% of estimated production (3 seasons forward), up to 60% of estimated production (2 seasons forward) and increasing to 75% (1 season forward) subject to predetermined target prices being available. These forecast production percentages are considered 'highly probable' of being achieved.

The liability as at 30 June 2009 reflects the fair value of the difference between the forward Australian dollar sugar price as at that date (based on forward US dollar contracts and forward US dollar sugar price) compared with the Australian dollar hedged sugar price.

These derivative arrangements are usual and common for the sugar industry."

- 1.45 Page 55, in section 8.4, under the sub-heading "(j) Foreign exchange risk", after "Changes in currency exchange rates may have an adverse impact upon the financial performance or financial position of MSF." insert "Please refer to section 5.4(b) of this Bidder's Statement for more information on the measures MSF has adopted to limit the risks from fluctuations in currency exchange rates."
- 1.46 Page 66, in section 11.1 in the definition of "Bidder's Statement", after "under Part 6.5 Division 2 of the Corporations Act relating to the Offer" insert "and any supplementary or replacement Bidder's Statement in relation to this document".
- 1.47 Page 67, in section 11.1 in the definition of "Offer Period":
 - (a) replace "21 October 2009" with "[●] October 2009"; and
 - (b) replace "11 December 2009" with "[●] December 2009".
- 1.48 Page 70, in section 12:
 - (a) in the first paragraph, replace "6 October 2009" with "21 October 2009"; and
 - (b) in the third paragraph, replace "7th day of October 2009" with "21st day of October 2009".
- 1.49 Page 72, in Appendix 1 of the Offer Terms, under the heading "3 Offer Period":
 - (a) in the first paragraph, replace "21 October 2009" with "[●] October 2009"; and
 - (b) in sub-paragraph (a), replace "11 December 2009" with "[●] December 2009".
- 1.50 Page 72, in Appendix 1 of the Offer Terms, under the heading "4 Official quotation of MSF Shares" in sub-paragraph (b):

- (a) after “Securities of the same class as those to be issued as consideration under the Offer have been granted official quotation by ASX.” replace “MSF will make” with “On 8 October 2009 MSF made”; and
 - (b) after “for admission of the MSF Shares offered as consideration under the Offer to the Official List” delete “within 7 days after the date of this Bidder’s Statement”.
- 1.51 Page 72, in Appendix 1 of the Offer Terms, under the heading “5.1 Acceptance Forms”, replace “11 December 2009” with “[●] December 2009”.
- 1.52 Page 78, under the heading “6.7 Date for giving notice on status of Offer Conditions” replace the reference to “3 December 2009” with “[●] December 2009”.
- 1.53 Page 85, in Appendix 3, after the final row of the table, insert the following additional rows:

07/10/2009	Yes	Tully Mill Bidder’s Statement
07/10/2009	Yes	Notice of Fulfilment of Condition
08/10/2009	No	Appendix 3B
13/10/2009	No	Notice of Annual General Meeting and Proxy Form
16/10/2009	Yes	Market Update and Profit Guidance year ending 30 June 2010

2 Approval of Supplementary Bidder's Statement

The copy of this Supplementary Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the directors of MSF on 21 October 2009.

Signed by James Jackson of MSF in accordance with section 351 of the Corporations Act.

Dated this 21st day of October 2009.

A handwritten signature in black ink, appearing to read 'James Jackson', written in a cursive style.

James Jackson
Chairman