

The Maryborough Sugar Factory Limited

ABN 11 009 658 708

Appendix 4D Half Year Report – Period Ended 31 December 2009

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2009 Annual Report.

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities	up	44%	to	116,168
Profit (loss) from ordinary activities after tax attributable to members	up	1,000%	to	10,829
Net profit (loss) for the period attributable to members	up	1,000%	to	10,829

Dividends/Distributions	Amount per security	Franked amount per security
Interim dividend (current half year)	2.5 cents	2.5 cents
Interim dividend (prior year)	Nil	Nil

Record date for determining entitlement to the dividend

10 March 2010

Explanations of movements in revenue and profits and comments relating to dividends are contained in the Directors' Report.

The Maryborough Sugar Factory Limited ABN 11 009 658 708
Interim Report – 31 December 2009

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This interim financial report does not include all the notes of the type normally included in an annual financial statement. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by The Maryborough Sugar Factory Limited during the interim reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

Directors' Report

The Directors of The Maryborough Sugar Factory Limited present their report on the results for the half year ended 31 December 2009.

Directors

The directors of the company during or since the end of the half year and up to the date of this report are as follows:

J.A. Jackson (Chairman)
J.E. Burman
R.A. Burney
S.J. Palmer
J.F. Hesp
W.B. Moller

Review of Operations

Business Activities: The company's principal business activities consist of sugar cane growing, raw sugar production, raw sugar marketing and investing in a sugar industry infrastructure company and are conducted at Maryborough and Gordonvale in the State of Queensland.

Results

The directors' review of operations for the half year ended 31 December 2009 is set out in the attached announcement of results.

Dividend

The board has declared an interim of 2.5 cents per share fully franked to be paid on the 24 March 2010.

Overview

The significantly improved results for the half year ended 31 December 2009 reflects the increase in quantity of sugar produced and an increase in the raw sugar price achieved.

The company's cane crushed for the 2009 season totalled 1,766,171 tonnes, an increase of 68,406 tonnes (4%) from the 2008 season; a pleasing result considering almost all other cane areas in Queensland experienced a decline in cane crushed over the same period. Sugar production totalled 257,736 tonnes from the 2009 season an increase of 16,599 tonnes (7%) from the 2008 season.

Forecast raw sugar price has increased from \$331 per IPS tonne (forecast price as at HYED08) to \$423 per IPS tonne (forecast price at HYED09), an increase of 28%.

The results also include the receipt of a special fully franked dividend paid by Sugar Terminals Limited to the company of \$2.68m following the sale of the Brisbane bulk sugar terminal.

During the HEY09 the company raised \$13.2m net of transaction costs from the issue of 6,742,250 ordinary shares at \$2.00 per share.

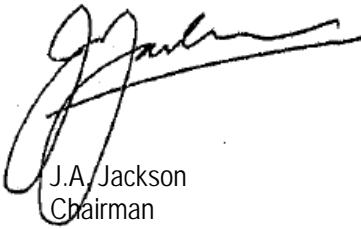
Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts on the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the directors.



J.A. Jackson
Chairman

Brisbane
26 February 2010

Auditors' Independence Declaration

As lead auditor for the review of The Maryborough Sugar Factory Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of The Maryborough Sugar Factory Limited and the entities it controlled during the period.



Martin T Linz

Partner
PricewaterhouseCoopers

Brisbane
26 February 2010

Consolidated Income Statement

	Notes	Half Year	
		2009 \$'000	2008 \$'000 Restated
Revenue	3	116,168	80,907
Other income	4	146	66
Movement in valuation of biological assets		(818)	548
Changes in inventories of finished goods and work in progress		25,710	35,710
Cost of cane and other materials used		(93,702)	(80,966)
Distribution costs		(11,085)	(17,245)
Employee benefits expense		(13,231)	(12,803)
Depreciation and amortisation expense		(2,152)	(2,239)
Finance costs		(1,715)	(2,643)
Other administrative costs		(3,693)	(3,340)
Other expenses		(1,090)	(1,027)
Profit (loss) before income tax		14,538	(3,032)
Income tax (expense) benefit	5	(3,709)	4,016
Profit for the half year		10,829	984
		Cents	Cents Restated
Earnings per share for profit attributable to the ordinary owners of the company			
Basic earnings per share		22.48	2.12
Diluted earnings per share		21.78	2.06

The above consolidated income statement should be read in conjunction with the accompanying notes. Details relating to the restatement of the prior year figures is disclosed in note 5 of the accompanying notes.

Consolidated Statement of Comprehensive Income

	Half Year	
	2009 \$'000	2008 \$'000 Restated
	Notes	
Profit for the half year	10,829	984
Other comprehensive income		
Tax on realisation of revalued assets	78	-
Tax adjustment on prior year land revaluation	-	237
Loss on cash flow hedge reserve, net of tax	(4,359)	(12,330)
Profit (loss) on revaluation of available-for-sale assets, net of tax	1,979	(4,053)
Other comprehensive (loss) for the half year, net of tax	(2,302)	(16,146)
Total comprehensive income (loss) for the half year	8,527	(15,162)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

		31 December 2009 \$'000	30 June 2009 \$'000
	Notes		
Current assets			
Cash and cash equivalents	6	31,299	4,690
Trade and other receivables		3,895	5,451
Inventories		39,430	13,725
Derivative financial instruments		5,473	5,503
Biological assets		2,617	3,435
Other current assets		12	12
Total current assets		82,726	32,816
Non-current assets			
Trade and other receivables		48	321
Inventories		1,141	1,093
Available-for-sale financial assets		36,388	36,365
Property, plant and equipment		113,076	113,366
Intangible assets		3,456	3,408
Derivative financial instruments		773	-
Deferred tax assets	5	2,898	3,535
Other non-current assets		177	184
Total non-current assets		157,957	158,272
Total assets		240,683	191,088
Current liabilities			
Trade and other payables		28,840	11,284
Interest bearing liabilities		14,883	14,282
Provisions		2,137	2,023
Derivative financial instruments		34,325	22,187
Total current liabilities		80,185	49,776
Non-current liabilities			
Trade and other payables		2,345	2,413
Interest bearing liabilities		32,956	33,769
Derivative financial instruments		7,636	9,512
Provisions		273	280
Total non-current liabilities		43,210	45,974
Total liabilities		123,395	95,750
Net assets		117,288	95,338
Equity			
Contributed equity		91,157	77,922
Reserves	8	(588)	1,809
Retained profits		26,719	15,607
Total equity		117,288	95,338

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

2009

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2009		77,922	1,809	15,607	95,338
Total comprehensive income for the half year		-	(2,302)	10,829	8,527
Realisation of revalued assets		-	(283)	283	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	7	13,235	-	-	13,235
Employee share options - value of employee services		-	188	-	188
Total		13,235	188	-	13,423
Balance at 31 December 2009		91,157	(588)	26,719	117,288

2008

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2008		52,265	28,452	14,721	95,438
Total comprehensive income for the half year		-	(17,732)	2,570	(15,162)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	7	25,679	-	-	25,679
Employee share options - value of employee services		-	176	-	176
Total		25,679	176	-	25,855
Balance at 31 December 2008		77,944	10,896	17,291	106,131

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	Half Year	
		2009 \$'000	2008 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods & services tax)		120,701	86,547
Payments to suppliers and employees (inclusive of goods and services tax)		(110,177)	(108,238)
		10,524	(21,691)
Interest received		247	1,146
Dividends received		4,161	1,801
Interest paid		(1,673)	(2,665)
Net cash inflow / (outflow) from operating activities		13,259	(21,409)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,263)	(5,862)
Payments for intangible assets		(47)	(214)
Proceeds from available-for-sale financial assets return of capital		1,618	-
Payments for available-for-sale financial assets		(23)	(3,636)
Purchase of subsidiary, net of cash		-	(18,306)
Loans to unrelated parties		-	(254)
Loan repayments from unrelated parties		272	12
Proceeds from sale of property, plant & equipment		644	3,752
Net cash inflow / (outflow) from investing activities		201	(24,508)
Cash flows from financing activities			
Proceeds from issue of shares	7	13,484	-
Share issue costs		(249)	(32)
Proceeds from borrowings		36,877	52,500
Repayment of borrowings		(37,900)	(27,438)
Finance lease payments		(17)	(20)
Net cash inflow from financing activities		12,195	25,010
Net increase (decrease) in cash held		25,655	(20,907)
Cash at the beginning of the half year		(208)	29,276
Effects of exchange rate changes on cash		146	1,510
Cash at the end of the half year	6	25,593	9,879

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

(a) Basis of preparation

This general purpose financial report for the interim half year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial statement. Accordingly, this statement is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by The Maryborough Sugar Factory Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

Business combinations

AASB 3 (revised) applies to accounting periods beginning on or after 1 July 2009 and continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the Group's previously policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the Group recognised acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequent, the recognition of the deferred tax asset will increase the Group's net profit after tax.

Segment Reporting

The Group has applied AASB 8 *Operating Segment* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified and reported on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. The chief operating decision-maker has been identified as the board of directors.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments consistent with the prior year, but has required some change to the allocation of some sale and expense items.

Specifically with inter-segment sales and expenses such as depreciation and impairment are now reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker. There has been no further impact on the measurement of the company's assets and liabilities. Comparatives for 2008 have been restated.

2. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the board of directors.

The principal activities of the company are the manufacture of raw sugar (sugar milling), cane farming, and investments related to both sugar industry infrastructure (Sugar Terminals Limited) and land (other). The company operates predominately in one geographic area, being Queensland, Australia.

Primary reporting format – business segments

Half Year 2009	Sugar Milling \$'000	Cane Farming \$'000	Sugar Terminals Limited Investment \$'000	Other \$'000	Consolidated \$'000
Segment revenue					
Revenue from external customers	111,211	796	4,161	-	116,168
Intersegmental sales	-	5,183	-	-	5,183
Total sales revenue	111,211	5,979	4,161	-	121,351
Total segment revenue	111,211	5,979	4,161	-	121,351
Intersegmental elimination					(5,183)
Consolidated revenue					116,168
Segment result					
Segment result	13,721	(261)	3,688	(164)	16,984
Unallocated revenue less unallocated expenses					(2,446)
Profit before income tax					14,538
Income tax expense					(3,709)
Profit for the half year					10,829

Half Year 2008	Sugar Milling \$'000	Cane Farming \$'000	Sugar Terminals Limited Investment \$'000	Other \$'000	Consolidated \$'000 Restated
Segment revenue					
Revenue from external customers	78,643	463	1,801	-	80,907
Intersegmental sales		2,559			2,559
Total sales revenue	78,643	3,022	1,801	-	83,466
Total segment revenue	78,643	3,022	1,801	-	83,466
Intersegmental elimination					(2,559)
Consolidated revenue					80,907
Segment result					
Segment result	5	(1,844)	1,075	(732)	(1,496)
Unallocated revenue less unallocated expenses					(1,536)
Loss before income tax					(3,032)
Income tax benefit					4,016
Profit for the half year					984

	Notes	Consolidated Half Year	
		2009 \$'000	2008 \$'000
3. PROFIT FOR THE HALF YEAR			
Profit for the half year includes the following items that are unusual because of their nature, size or incidence:			
REVENUE			
Revenue from operating activities			
Proceeds from sugar sales		114,149	75,731
Commodity related risk management activities		(20,570)	4,930
Net foreign exchange hedging gains (loss)		10,206	(8,663)
Proceeds from molasses sales		5,929	3,920
Proceeds from other operating activities		616	675
Revenue from operating activities		110,330	76,593
Other revenue			
Lease revenue		400	288
Interest revenue		626	1,506
Dividends received		4,161	1,801
Rebates and allowances		194	298
Other		457	421
		5,838	4,314
		116,168	80,907

4. OTHER INCOME

Net gains on disposal of property, plant and equipment		76	-
Other government grants		70	66
		146	66

5. INCOME TAX EXPENSE

Subsequent to 31 December 2008 the group has entered into tax consolidation. The implementation date for tax consolidation is 1 July 2008. As a result of entering into tax consolidation deferred tax liabilities of \$2.9m reversed due to an uplift in tax bases. In addition a previously recognised deferred tax asset of \$4.5m no longer met the recognition criteria of AASB112 Income Taxes. These have been adjusted against tax expense. The impact was an increase in tax expense of \$1.6m and a decrease in profit after tax of \$1.6m in the 31 December 2008 half year.

	Notes	Consolidated Half Year	
		31 December 2009 \$'000	30 June 2009 \$'000
6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS			
Cash on hand and at bank		18,541	4,690
Term deposits		12,758	-
		31,299	4,690

The above figures are reconciled to cash at the end of the period as shown in the statements of cash flows as follows:

Balances as above	31,299	4,690
Less: bank overdrafts	(5,706)	(4,898)
Balances as per statement of cash flows	25,593	(208)

	31 December 2009 Number	30 June 2009 Number	31 December 2009 \$'000	30 June 2009 \$'000
7. EQUITY SECURITIES ISSUED				
Issues of ordinary shares during the half year				
Share placement	6,500,000	12,855,599	13,000	25,711
Share purchase plan	242,250	-	484	-
			13,484	25,711
Less transaction costs of share issues			(249)	(54)
	6,742,250	12,855,599	13,235	25,657

	Notes	Consolidated Half Year	
		31 December 2009 \$'000	30 June 2009 \$'000
8. RESERVES			
Property, plant and equipment revaluation reserve		22,575	22,781
Available-for-sale financial assets revaluation reserve		2,278	298
Cashflow hedge reserve		(26,430)	(22,071)
Share-based payments reserve		989	801
		(588)	1,809

9. FULL YEAR PROFIT (LOSS)

Full year results will reflect the seasonal nature of the sugar industry – principally, recognition of the balance of revenue from the sale of sugar and molasses inventories in the second half, offset by significant maintenance costs.

10. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The company has extended the time period for its offer for all the shares in Tully Sugar Limited from 6.00pm AEST on 26 February 2010 to 5.00pm AEST on 9 April 2010.

Supplementary Appendix 4D Information

NTA backing	2009	2008
Net tangible asset backing per ordinary share*	\$2.14	\$2.22
Net tangible asset backing per ordinary share (excluding derivatives financial instruments after tax)	\$2.61	\$2.42

Additional dividend/distribution information

Details of dividend/distribution declared or paid during or subsequent to the half year ended 31 December 2009 are as follows:

Record Date	Payment Date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
10 March 2010	24 March 2010	Interim	2.5 cents	\$1,330,892	2.5 cents	-

The dividend or distribution plans shown below are in operation.

No dividend reinvestment plan will operate in respect of this interim dividend
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The last date(s) for receipt of election notices for the dividend or distribution plans

Not applicable

Any other disclosures in relation to dividends (distributions).

Nil

Controlled entities acquired or disposed of

- (a) No entities were acquired during the half year ended 31 December 2009.
- (b) No entities were disposed of during the half year ended 31 December 2009.

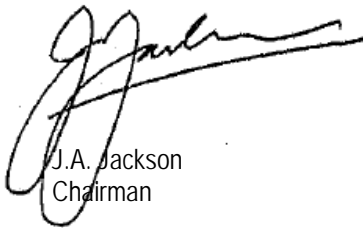
Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance, as represented by the results of their operations and cash flows, for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



J.A. Jackson
Chairman

Brisbane
26 February 2010

Independent auditor's review report to the members of The Maryborough Sugar Factory Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of The Maryborough Sugar Factory Limited, which comprise the balance sheet as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for The Maryborough Sugar Factory Limited (the consolidated entity). The consolidated entity comprises both The Maryborough Sugar Factory Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of The Maryborough Sugar Factory Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members of
The Maryborough Sugar Factory Limited (continued)**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Maryborough Sugar Factory Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers



Martin Linz
Partner

Brisbane
26 February 2010