



**THE MARYBOROUGH
SUGAR FACTORY LIMITED**

FINANCIAL RESULTS

YEAR ENDED 30 JUNE 2010

August 2010



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Overview...strong improvement over the previous year

Strong improvement in profit

- MSF PAT at \$7.0 million; increase of \$7.8 million over the previous year
- Fully franked final dividend of 4.0 cents per share; full year fully franked dividend of 6.5 cents per share, an increase of 6.5 cents over the previous year

Strong positive cash flow

- \$22.4 million inflow from operating activities
- \$4.8 million outflow for capital items
- \$2.7 million inflow from financing activities

Improved sugar and molasses market

- Average sugar price achieved of \$427 per tonne; 29% higher
- 2nd year of global sugar shortage pushed prices higher

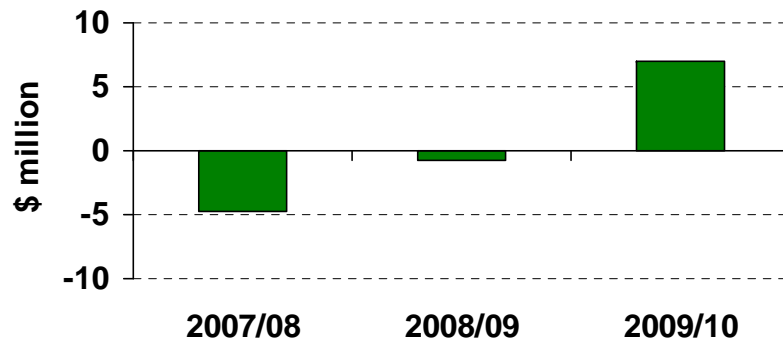
The continuation of our milling consolidation strategy

- Successful integration of Mulgrave Mill and marketing business into MSF
- Post Balance Date, Joint Venture agreement reached with Bundaberg Sugar

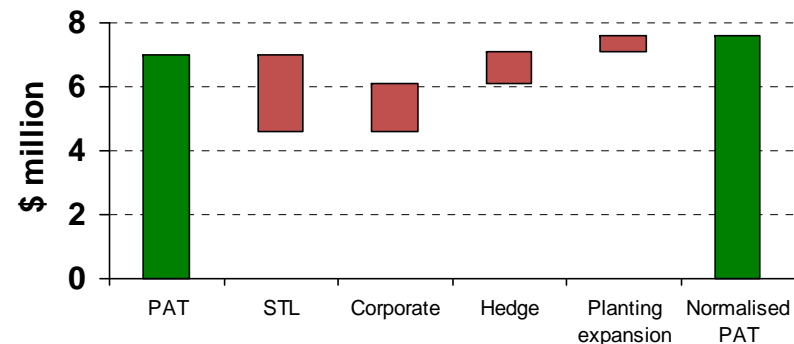


Strong Improvement in Profit after tax to \$7.015 million

Profit after Tax



“Normalised” Profit after Tax



- Strong profit result from:
 - Higher world sugar prices (increased from \$331 to \$427 per tonne IPS) and molasses prices (positive impact of \$1.4 million)
 - Increased sugar production (up 7% or 16,599 tonnes)
 - Special one off \$2.7 million dividend (before tax) from STL - for the sale of Brisbane sugar terminal
 - Continuing positive impact of the Mulgrave Mill acquisition in the previous financial year
- Continued merger and acquisition focus:
 - Negative impact from one-off costs in the short term
 - However will create a lower unit cost and more profitable sugar business in the medium/long term



The results...strong improvement across all measures

	2009/10 \$'000	2008/09 \$'000	Change %
Revenue	159,807	138,402	15
EBITDA	14,606	1,854	688
EBIT	11,667	(1,174)	1,094
Finance Costs	(2,963)	(4,046)	(27)
Profit (loss) before tax	8,704	(5,220)	267
Profit (loss) after tax	7,015	(783)	996
Net cash flow from operating activities	22,370	(12,216)	283
Gross Assets	211,219	191,088	11
Liabilities	61,635	95,750	(36)
Net Debt	11,206	43,363	(74)

NTA per share	\$2.74	\$1.98	39
NTA (ex DFI net of tax) per share	\$2.71	\$2.37	14



Balance sheet...strong growth in net assets

- Capital raising generated net \$13.2 million, strong operating cash flow and paid down debt
- But impacted by unrealised marked to market position of sugar and currency hedging for future years

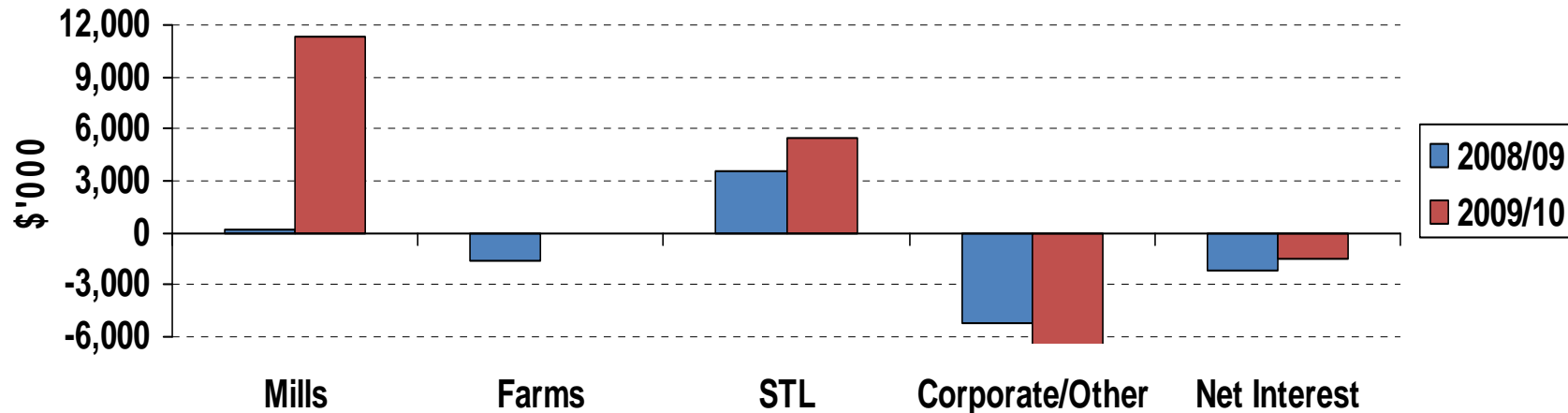
Assets	2009/10 \$'000	2008/09 \$'000
Cash	22,695	4,690
Sugar and Molasses inventory	13,504	12,267
Derivative financial instruments	9,018	5,503
Other current assets	10,103	10,356
STL shares	36,292	36,292
Cane Farms	61,536	59,739
Mills and other PP&E	53,002	53,627
Other non-current assets	5,069	8,614
Total Assets	211,219	191,088

Liabilities	2009/10 \$'000	2008/09 \$'000
Trade payables	12,286	13,697
Derivative financial instruments	6,145	31,699
Working capital debt	-	12,400
Other current liabilities	3,169	2,023
Term debt	33,901	35,651
Other non-current liabilities	6,134	280
Total Liabilities	61,635	95,750

Net Assets	149,584	95,338
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Strong growth in EBITDA performance across all business units



- Profitability in the Mills driven by higher prices and increase in throughput and production
- Farms generated a small EBITDA due to higher cane prices and increased throughput
- Corporate expense high due to corporate development activities. In a normal year we expect corporate activities to be reduced by around \$1.5 million
- Other had a loss of approximately \$1.0 million due to having to bring to account a sugar hedge transaction. A corresponding gain will be made in the 2010/11 financial year
- Lower interest cost due to lower debt levels



Sugar Milling...increasing performance on higher prices and throughput

	2009/10			2008/09		
	Tonnes			Tonnes		
	Cane	Sugar	CCS	Cane	Sugar	CCS
Maryborough	661,606	94,742	14.05	614,549	83,109	13.47
Sunshine Coast	25,862	2,313	13.94	-	-	-
Mulgrave	1,078,703	160,681	14.35	1,083,216	158,028	14.07
MSF Group Total	1,766,171	257,736		1,697,765	241,137	

- Performance of Mulgrave Mill
 - Record efficiency and availability
 - Higher production in the region
- Maryborough Mill
 - Good efficiencies but throughput impacted from carry-over effects of poor 2007/08 season
 - High raw sugar prices made it financially sensible to buy cane from Sunshine Coast cane growers
 - Focus on increased cane production in the Maryborough region



Cane Growing...increasing production

MSF Qld Farms	2009/10 Tonnes	2008/09 Tonnes
Company Managed	136,680	76,898
Tenanted	76,081	88,301
Total Company Owned	212,761	165,199

- Ongoing expansion of the company's southern plantation
 - Increased utilisation of the land
 - Conversion of dry land into irrigated farm land
 - Utilisation of sugar cane farming best practice
- Increasing productivity
 - Production will increase in 2010/11
- Currently cash flow negative due to the high costs associated with the expansion and productivity drive



Investment in Sugar Terminals Limited...providing a strong cash dividend

- STL is a listed company on the NSX with restrictions on share ownership

- G class shares can only be owned by a grower and M class shares only by a miller

- Long term fixed price lease with Queensland Sugar Limited

- STL settled the sale of Brisbane bulk sugar terminal for \$34.2 million
- Resulted in a one off special dividend being paid of 5.8 cents per share
- The ordinary dividend was a partially franked dividend of 6.1 cents per share
- Provides an attractive investment income whilst retaining a strategic stake in an important sugar infrastructure asset

	Number of Shares	Relative shareholding
G Class	34,455,836	13.2%
M Class	11,775,965	9.0%
Total	46,231,801	12.84%



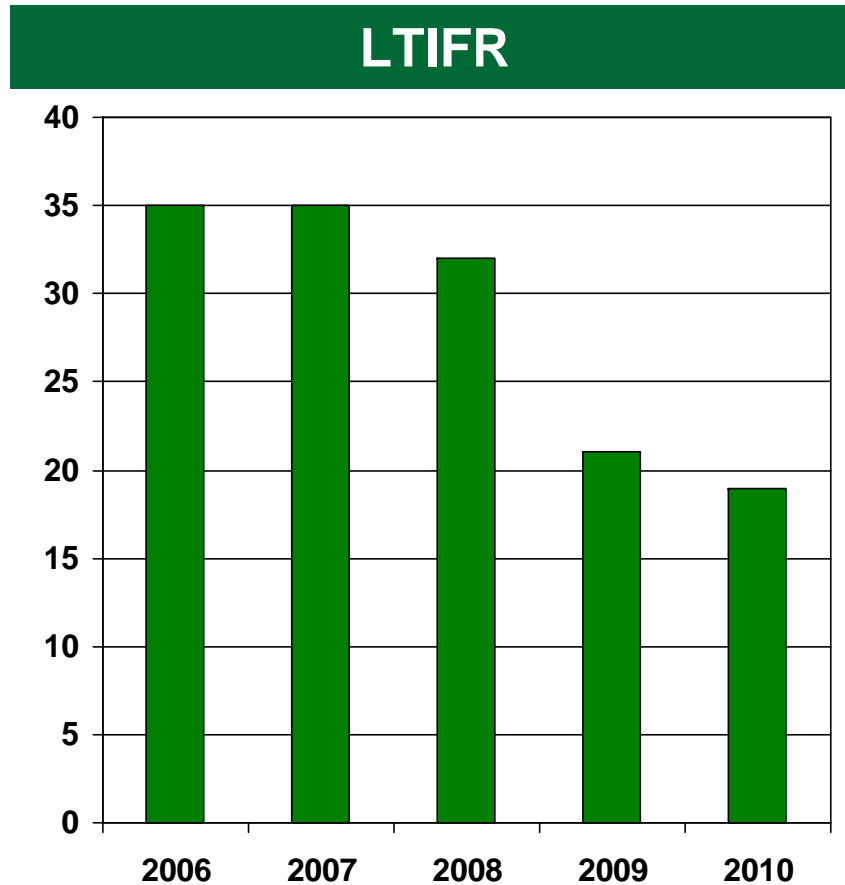
Land Portfolio...focused on unlocking value



- The MSF cane land and farm plant and equipment is valued at \$61.5 million
 - Valued at current use
 - Current holding is 5,808 ha with 7,650 ML of water allocation
- The Mary Harbour residential project is progressing
 - The project is the development of 174 ha adjacent to Maryborough
 - The next key step is inclusion in the Wide-bay regional plan by State planning authorities. This plan is expected to be handed down by the Qld State Government in late 2010
 - If a development application is given then we expect a substantial up lift in the land value. Currently the land is valued at its historical usage as cane land.
- We are currently examining alternatives to unlock value from our whole land holding



Safety and Environment...improving performance in safety



- Increased attention to safety performance
- Ongoing investment in safety training and improvement of the work environment
- Lost time injury frequency rate (LTIFR) has improved at our major sites

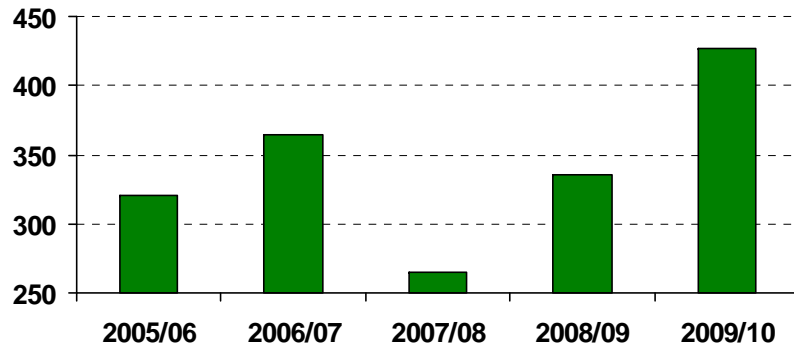
- No reported environmental issues

- MSF will be an active participant in alternative green energy solutions



Sugar Marketing and Pricing...rising sugar price

Sugar Price Achieved (actual)



- Forward hedging of raw sugar prices have been possible at prices comfortably above MSF cost of production

- Strong rally in world raw sugar prices due to a sugar shortage in the key consuming market of India and a lower than expected production in Brazil

Sugar Price per Tonne (actual)

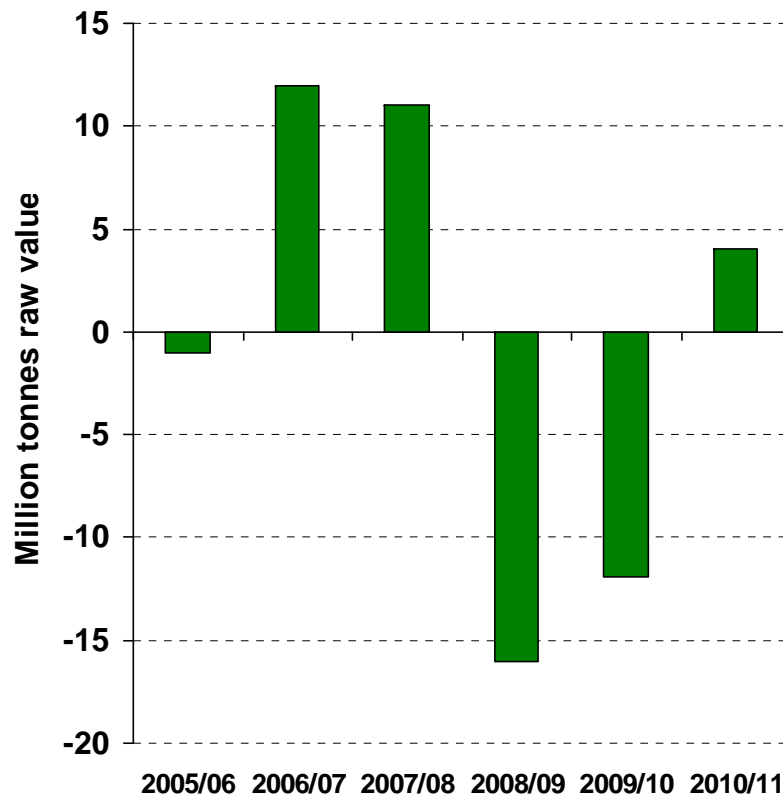
World Raw Sugar Price



Season	Percent Priced	Price Achieved	Current Market Prices
2010	72%	\$467	\$453
2011	44%	\$435	\$426
2012	24%	\$462	\$419
2013	0%	-	\$411



Recent higher sugar prices driven by sugar shortage..... in Asia



- Large world sugar deficit for the last two years
 - Indian importing sugar
 - Lower production than expected out of Brazil due to wet harvest period
- Small global surplus for the upcoming year
 - Recovery in production in India
 - Good harvest conditions in Brazil
- However shortages of sugar still in many countries as stocks were run down in 2009/10
 - Large shipping delays from Brazil
 - Record sugar price premiums being paid for sugar in Asia

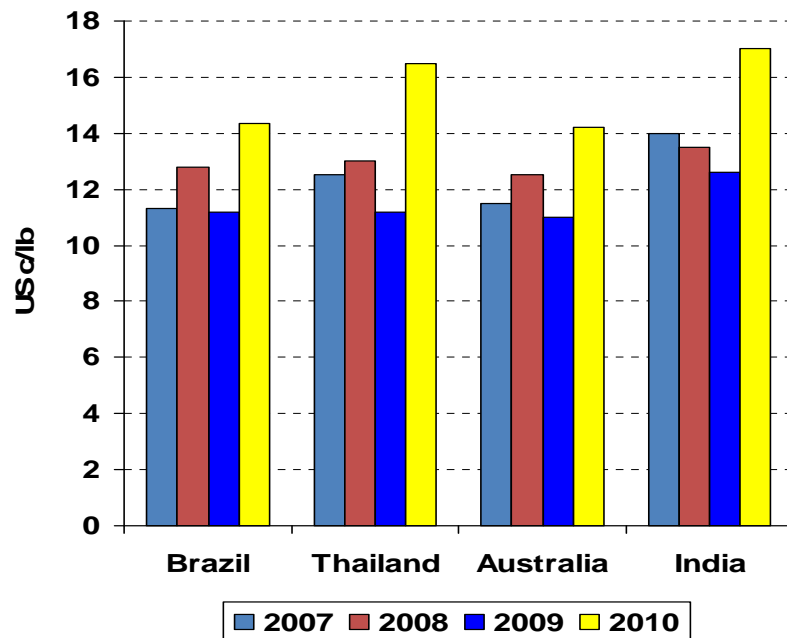


Source: Kingsman

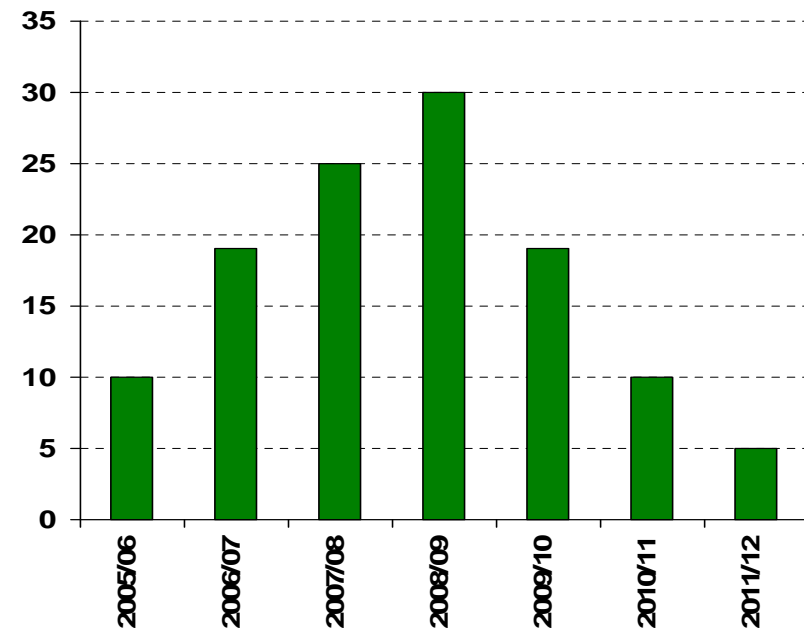
The rapid supply growth of the last 10 years is unlikely to be repeated in the next 10 years

- Brazil has been the key to production growth for the last 10 years
- Prices need to be above current levels to attract new mill investment

Raw Sugar Cost of Production



New Sugar Mills in Brazil



Source: Kingsman

Source : UNICA

Strategic endeavours in 2009/10...success post balance date

- Successful formation of a milling joint venture with Bundaberg Sugar Ltd (BSL) in North Queensland
 - MSF will contribute Mulgrave Mill and associated cane rail network and rolling stock
 - BSL will contribute Babinda, Tableland and South Johnstone Mills and associated cane rail network and rolling stock
 - Costs to be evenly shared
 - Production to be evenly shared and marketed independently
 - MSF have the option to purchase BSL share of the JV.
 - MSF have paid \$20 million for this option and need to pay an additional \$50 million to exercise the option
 - The JV documentation was not finalised until post 30 June 2010. The option was paid when the JV documents finalised
 - The JV is to commence at the end of crushing this year
 - Expected to be on, or about, 1st December 2010
- Bid for Tully Sugar lapsed in April 2010



Update on activities in 2010/11

- Key focus will be the successful implementation of the Northern Milling Joint Venture
 - Timing of the JV will result in MSF incurring additional operating costs before having the benefit of the additional sugar and molasses revenue
 - The additional operating costs (on a before tax basis) will be approximately \$5 million in 2010/11
 - MSF will receive an additional 75,000 tonnes of raw sugar due to the JV in 2011/12
- MSF is evaluating options for the funding of future growth
 - By evaluating the potential sale of non-milling assets; or
 - Forming a relationship with a strategic party





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