

This document is the third supplementary bidder's statement dated 5 March 2010 given under section 643 of the Corporations Act ("**Third Supplementary Bidder's Statement**") to the Bidder's Statement 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.

A first supplementary bidder's statement ("**First Supplement**") was lodged with ASIC on 21 October 2009, and a second supplementary bidder's statement ("**Second Supplement**") was lodged with ASIC on 13 November 2009 (together, the "**Previous Supplements**").

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



THIRD SUPPLEMENTARY BIDDER'S STATEMENT

dated 5 March 2010

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 Third Supplementary Bidder's Statement. Additional terms used in this Third Supplementary Bidder's Statement are defined in section 10 of this Third Supplementary Bidder's Statement. This Third Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

A copy of this Third Supplementary Bidder's Statement was lodged with ASIC on 5 March 2010. Neither ASIC nor any of its officers takes any responsibility for the contents of this Third Supplementary Bidder's Statement.

Chairman's letter

5 March 2010

Dear Tully Shareholder

We are pleased to be writing to you again in connection with our Offer to acquire your Tully Shares to effect a merger of Tully with MSF.

New cash component

We are now offering you a significant amount of cash for your Tully Shares by the addition of an alternative form of consideration, specifically:

\$6.75 in cash plus 10 MSF Shares for each Tully Share.

The original consideration of 13 MSF Shares for each Tully Share is still available.

Tully Shareholders who have already accepted the Offer are entitled to make a fresh election as to the form of consideration they receive. The Offer Period has been extended to 30 April 2010.

Attributes of the Offer

- It is available to all Tully Shareholders.
- It is available now.
- It treats all Tully Shareholders equally.
- It provides Tully Shareholders with the choice to receive cash plus MSF Shares, or all MSF Shares as consideration.

Benefits and rationale

We continue to sincerely believe that the strategic rationale for combining our two companies is compelling.

Some of the key features of the Merged Group would include the following:

- An established ASX-listed company with a visible market price for its shares.
- Improved access to capital for further investment in milling and farming.
- An aggregation under common ownership of the Tully, Maryborough and Mulgrave mills, and a platform for further industry consolidation in Far North Queensland.
- A robust corporate governance regime.
- A strong board with an appropriate mix of grower, industry and ASX-listed commercial skills and broad business experience. And as originally proposed, Tully can nominate three directors to the board.
- Significant skills and operating experience along the entire sugar supply chain from growing, transport and milling to raw sugar marketing, pricing, shipping and logistics.

Our results and trading update

MSF's half year report for the period ended 31 December 2009 is now available at www.marysug.com.au and ww.asx.com.au. We continue to forecast a net profit after tax for the financial year ending 30 June 2010 in the range of \$5.5 to \$6.5 million, and have declared an interim dividend of 2.5 cents per share fully franked. So, despite the adverse opinion of our past financial performance as expressed in Tully's Target's Statement, we are pleased to report MSF is profitable, paying dividends and has a solid balance sheet. We believe that our results for the period ended 31 December 2009 speak for themselves.

Performance of Tully Sugar

In its Supplementary Target's Statement, the Tully Board has disclosed further information that MSF believes raises a number of serious issues:

- The profitability of Tully is expected to decline sharply to \$0.798 million for the financial year ending 30 April 2010. Tully's profitability has declined each year since 2006.
- Tully's other expenses from ordinary activities increased significantly in the financial year ended 30 April 2009 and are forecast by Tully to continue at similar levels for the financial year ending 30 April 2010.
- On 12 November 2009, Tully declared an interim dividend of \$0.30 per Tully Share. That interim dividend exceeds Tully's forecast net profit after tax (approximately \$0.26 per share) for the full financial year ending 30 April 2010.

In an environment of record sugar prices it is disturbing to observe that Tully's profitability is declining, given that Tully has long been recognised in the industry as one of Australia's most productive and profitable milling companies.

Given the expected decline in Tully's profits for the financial year ending 30 April 2010, Tully's dividend payment regime for this and future years is unclear to us.

As a Tully Shareholder, you must be concerned that your board and the company management may not be delivering the results you may have expected. We believe the profitability of the Tully mill is vital to the sugar industry in the Tully region.

In the Tully Supplementary Target's Statement the Tully Board stated that it continues "*to be focussed on unlocking value for Tully Shareholders and on assessing the optimum structure for the Company going forward*". We note that the Tully Board has not yet delivered on that statement.

We have consistently championed the case for industry consolidation in Far North Queensland and believe our Offer and the merger of Tully with MSF are positive for the region and are in the interests of Tully Shareholders, employees and suppliers.

Queensland Sugar Limited

As you would be aware, Queensland Sugar Limited ("**QSL**") has acquired a 9.75% interest in Tully from a number of selected Tully Shareholders.

The Australian Competition and Consumer Commission ("**ACCC**") is considering QSL's acquisition under section 50 of the Trade Practices Act 1974. Section 50 prohibits mergers and acquisitions that would have the effect, or would be likely to have the effect of substantially lessening competition in a market. The ACCC is investigating QSL's acquisition following reports in the media suggesting that the acquisition may be used to block MSF from acquiring Tully.

Conclusion

Our Offer is for all Tully Shareholders, and we believe it provides a fair value for your Tully Shares. We believe consolidation of milling assets in Far North Queensland is inevitable and will be beneficial for those who embrace it. We continue to seek further direct engagement with the Tully Board, as we believe that any merger transaction would be greatly assisted by their input and support.

MSF remains committed to its Offer and looks forward to welcoming you as a new shareholder of MSF so that you may participate in the value creating opportunities of the Merged Group going forward.

I encourage you to accept the Offer by following the instructions on the enclosed Acceptance Form, which has been revised to reflect the addition of the alternative form of consideration.

Yours sincerely

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

James A Jackson
Chairman

1 Cash+Shares Alternative

1.1 Overview

MSF is now offering you an additional alternative form of consideration, being \$6.75 in cash plus 10 MSF Shares for each Tully Share (“**Cash+Shares Alternative**”). The original consideration of 13 MSF Shares for each Tully Share (“**All Shares Alternative**”) is still available.

Tully Shareholders now have the choice of one of the following alternative forms of consideration:

Cash+Shares Alternative

\$6.75 in cash plus 10 MSF Shares for each Tully Share

or

All Shares Alternative

13 MSF Shares for each Tully Share

Tully Shareholders who have already accepted the Offer are entitled to make a fresh election as to the form of consideration to be taken.

Enclosed with this Third Supplementary Bidder’s Statement is a new Acceptance Form, which has been revised to reflect the addition of the alternative form of consideration. Tully Shareholders should complete and return this new Acceptance Form and elect the preferred form of consideration should they wish to accept the Offer.

1.2 Cash+Shares Alternative

MSF believes the Cash+Shares Alternative is a balanced alternative, delivering, if the Offer is successful, a sizeable amount of cash to Tully Shareholders who accept the Offer and elect to receive this alternative, whilst also allowing those Tully Shareholders to maintain an interest in Tully’s underlying assets and business prospects through the ownership of new MSF Shares. As MSF is listed on the ASX, if the Offer is successful, accepting Tully Shareholders would have the choice to hold the MSF Shares received under the Offer, or sell all or part of them to provide them with additional cash.

Annexure A to this Third Supplementary Bidder’s Statement is the formal notice that gives effect to the addition of the Cash+Shares Alternative.

2 Liquidity and profitability comparisons between MSF and Tully

Further information disclosed by Tully in its Supplementary Target’s Statement combined with information disclosed by MSF highlight a number of key statistics.

2.1 Liquidity

The comparative percentage of share capital traded between 13 November 2007 and 16 December 2009 was:

- (a) MSF 31.8%; and
- (b) Tully 2.7%.

2.2 Profitability

- (a) **(Forecast EBITDA)** The comparative forecast milling EBITDA for the 2010 financial year is:
- (i) MSF \$11 million to \$12 million;* and
 - (ii) Tully \$5.5 million.
- (b) **(Forecast profit)** The comparative forecast profit after tax for the 2010 financial year is:
- (i) MSF \$5.5 million to \$6.5 million;* and
 - (ii) Tully \$0.8 million.

3 Sources of cash consideration

As a consequence of the addition of the Cash+Shares Alternative and based on the number of Tully Shares on issue as at the date of this Third Supplementary Bidder's Statement, the total maximum cash amount that would be payable by MSF under the Offer if every Tully Shareholder accepted the Offer and elected to receive the Cash+Shares Alternative is \$20,856,825.

MSF has net cash reserves of approximately \$21 million. MSF intends to fund the cash component of the Cash+Shares Alternative from its cash reserves.

4 Important developments for the profile of the Merged Group

4.1 Pro-forma balance sheet

As a consequence of adding the Cash+Shares Alternative, the pro-forma balance sheet of the Merged Group contained in section 2.4 of the Second Supplementary Bidder's Statement can be compared to an alternative pro-forma balance sheet (set out in this Third Supplementary Bidder's Statement) which reflects a scenario whereby MSF issues 9.3 million fewer new MSF Shares and up to \$21 million in cash to acquire all Tully Shares.

The pro-forma balance sheet (set out in this Third Supplementary Bidder's Statement) is presented on four bases:

- (a) Scenario 1 – 100% acceptance of the Offer, scrip only at 13 MSF Shares for each Tully Share;
- (b) Scenario 2 – 100% acceptance of the Offer, cash and scrip at 10 MSF Shares plus \$6.75 in cash for each Tully Share;
- (c) Scenario 3 – 80% acceptance of the Offer, scrip only at 13 MSF Shares for each Tully Share; and
- (d) Scenario 4 – 80% acceptance of the Offer, cash and scrip at 10 MSF Shares plus \$6.75 in cash for each Tully Share.

* Refer to section 6 of this Third Supplementary Bidder's Statement for further important information (including key assumptions) in relation to MSF's forecast information.

Important information in assessing the pro-forma balance sheet

MSF has included in the pro-forma balance sheet the latest published balance sheet of MSF, which is as at 31 December 2009. MSF does not have access to a balance sheet of Tully more recent than 30 April 2009. Tully Shareholders should be aware of the potential that a combination of balance sheets at these two differing dates could be misleading because the earlier date reflects the 2008 crush and the later date reflects the 2009 crush. This is mitigated by the fact that Tully has forecast a net profit after tax of only \$0.798 million for the year ending 30 April 2010.

Pro Forma Balance Sheets	MSF 31/12/2009 \$000	Tully 30/04/2009 \$000	Merged Group Scenario 1 \$000	Merged Group Scenario 2 \$000	Merged Group Scenario 3 \$000	Merged Group Scenario 4 \$000
Current assets						
Cash and cash equivalents	31,299	2,082	32,381	11,524	32,381	15,695
Trade and other receivables	3,895	17,231	21,126	21,126	21,126	21,126
Derivative financial instruments	5,473	-	5,473	5,473	5,473	5,473
Inventories	39,430	5,713	45,143	45,143	45,143	45,143
Biological assets	2,629	1,875	4,504	4,504	4,504	4,504
Total current assets	82,726	26,901	108,627	87,770	108,627	91,941
Non-current assets						
Trade and other receivables	48	-	48	48	48	48
Inventories	1,141	-	1,141	1,141	1,141	1,141
Available-for-sale financial assets	36,388	5,506	41,894	41,894	41,894	41,894
Property, plant and equipment	113,076	121,374	188,343	192,580	188,343	192,580
Investment property	-	5,210	5,210	5,210	5,210	5,210
Deferred tax assets	2,898	-	9,015	7,744	2,897	2,898
Other non current assets	950	-	950	950	950	950
Intangible assets	3,456	4	3,460	3,460	3,460	3,460
Tot: Total non-current assets	157,957	132,094	250,061	253,027	243,943	248,181
Total assets	240,683	158,995	358,688	340,797	352,570	340,122
Current liabilities						
Trade and other payables	28,840	11,093	39,933	39,933	39,933	39,933
Interest bearing liabilities	14,883	132	15,015	15,015	15,015	15,015
Derivative financial instruments	34,325	-	34,325	34,325	34,325	34,325
Provisions	2,137	1,325	3,462	3,462	3,462	3,462
Total current liabilities	80,185	12,550	92,735	92,735	92,735	92,735
Non-current liabilities						
Trade and other payables	2,345	-	2,345	2,345	2,345	2,345
Interest bearing liabilities	32,956	849	33,805	33,805	33,805	33,805
Derivative financial instruments	7,636	8,956	16,592	16,592	16,592	16,592
Deferred income/grants	-	1,726	1,726	1,726	1,726	1,726
Deferred tax liabilities	-	20,262	-	-	6,430	7,701
Superfund liability	-	2,068	2,068	2,068	2,068	2,068
Provisions/other	273	2,783	3,056	3,056	3,056	3,056
Total non-current liabilities	43,210	36,644	59,592	59,592	66,022	67,293
Equity						
Ordinary equity	91,157	31	168,683	150,792	153,177	138,865
Reserves	(588)	59,128	(588)	(588)	(588)	(588)
Retained earnings	26,719	50,642	38,266	38,266	25,719	25,719
Minority interest	-	-	-	-	15,505	16,098
Total equity	117,288	109,801	206,361	188,470	193,813	180,094
Total liabilities and equity	240,683	158,995	358,688	340,797	352,570	340,122
Net Assets	117,288	109,801	206,361	188,470	193,813	180,094

Key assumptions underpinning the pro-forma balance sheet

The key assumptions underpinning the pro-forma balance sheet are as follows:

- the cost of acquisition has been based on an MSF Share price of \$1.93, which is the VWAP of MSF Shares traded on the ASX for the 20 trading days prior to the date this Third Supplementary Bidder's Statement was approved by the MSF Board on 4 March 2010;

- the tax consolidation merger benefit has been included in the 100% scenario and not in the 80% scenarios as this benefit is only available if 100% of Tully is acquired. This benefit is not available to Tully Shareholders in the absence of a sale; and
- the carrying value of Tully's property plant and equipment has been reduced under each scenario with a resultant adjustment to deferred tax, to reflect MSF's expectation of the adjustments that would be required in undertaking the purchase price allocation upon completion of the acquisition of Tully as described in the Bidder's Statement.

4.2 Ownership of the Merged Group

As at the date of this Third Supplementary Bidder's Statement, MSF has 53,235,669 fully paid ordinary shares on issue.

Under the Offer, if every Tully Shareholder accepted the All Shares Alternative, 40,168,700 new MSF Shares would be issued to Tully Shareholders, taking the maximum number of MSF Shares on issue to 93,404,369. In these circumstances, Tully Shareholders would own approximately 43.0% of the Merged Group.[†]

Under the Offer, if every Tully Shareholder accepted the Cash+Shares Alternative, 30,899,000 new MSF Shares would be issued to Tully Shareholders, taking the maximum number of MSF Shares on issue to 84,134,669. In these circumstances, Tully Shareholders would own approximately 36.7% of the Merged Group.[†]

As a consequence, the Bidder's Statement is amended so that all references to the aggregate holding by Tully Shareholders of between "approximately 42% and 43%" are deleted and replaced with "approximately 36.7% and 43.0%". The structure of the Merged Group set out on page 4 of the Original Bidder's Statement will change accordingly.

5 Offer value

5.1 Update on Offer value

As stated on page 15 of the Bidder's Statement, given that the Offer consideration comprises MSF Shares, the implied value of the Offer consideration will change as a consequence of changes in the market price of MSF Shares.

Based on a share price of \$1.93 per MSF Share, which is the VWAP of MSF Shares traded on the ASX for the 20 trading days prior to the date this Third Supplementary Bidder's Statement was approved by the MSF Board on 4 March 2010, the implied value of the:

- All Shares Alternative is \$25.09 per Tully Share; and
- Cash+Shares Alternative is \$26.05 per Tully Share.

5.2 Update on trading of MSF Shares

The closing price at which MSF Shares traded on the day before this Third Supplementary Bidder's Statement was approved by the MSF Board on 4 March 2010 (being the closing price on ASX on 3 March 2010) was \$1.95.

[†] Assumes MSF acquires 100% of Tully Shares, the number of MSF Shares on issue does not materially change from its current level (excluding shares issued under the Offer) and there are no material acquisitions or disposals of MSF Shares.

Since MSF announced its Offer on 27 August 2009, MSF Shares have traded in the range of \$1.82 to \$2.45.

6 Additional financial information

6.1 Comparative forecast earnings for the current financial year

As announced to the ASX on 16 October 2009, for the financial year ending 30 June 2010, MSF is forecasting a net profit after tax of between \$5.5 million and \$6.5 million.

MSF has set out in the following table some comparative forecast earnings information for both MSF and Tully for the current financial year. The key assumptions underpinning the information depicted in this table are set out in section 6.2 below. Further important information is set out in section 6.3.

Metric (Amounts in \$'000 unless otherwise stated)	MSF	Tully¹
Milling EBITDA	11,000-12,000	5,500
EBITDA	12,000-13,000	8,349
Net profit before tax	6,600-7,800	1,140
Net profit after tax	5,500-6,500	798
Shares on issue	53.2m	40.2m ²

Notes to table:

- 1 The Tully Directors are responsible for the forecast financial information presented by Tully in its Supplementary Target's Statement. The basis for that forecast information was set out in the Supplementary Target's Statement.
- 2 Shares on issue of Tully have been adjusted to show the effect of the Offer on a comparable basis (ie the 3,089,900 Tully Shares on issue multiplied by 13 MSF Shares offered by MSF for each Tully share).

6.2 Key assumptions

The key assumptions made by the MSF Board in preparing MSF's forecast financial information for the financial year ending 30 June 2010 are set out below.

General assumptions

- No material change in the competitive environment of MSF.
- No material changes in the prevailing economic conditions in Australia.
- No changes in the statutory, legal and regulatory environments which would have a material adverse effect on the operations of MSF.
- No changes in accounting policies by Australian Accounting Standards, Statements of Accounting Concepts and other mandatory professional reporting requirements which may have a material effect on the forecasts.
- No litigation that may materially affect the revenues or expenses of MSF.
- No significant disruptions to the continuity of operations of MSF and no material changes in MSF's business.

- No material impact from business acquisitions or disposals.

Specific assumptions

- Sugar tonnes sold of 258,000 tonnes.
- Average realised sugar price per tonne of \$423.
- Sugar revenue less cane expense of \$39.4 million.
- Forecast milling EBITDA of \$11.8 million.
- Forecast dividends receivable from STL, of which \$5.5 million (\$2.9 million normal dividend and \$2.6 million special dividend) is recognised as revenue and \$1.6 million as return of capital (and not included within forecast earnings).
- Forecast net interest expense of \$2 million (note a majority of long term debt relates to the STL investment).
- Sugar derivatives meet the requirements to be accounted for as hedges under accounting standards.
- Forecast profit from land sales less than \$0.1 million.
- Taxation expense is forecast at 17%. This reflects the receipt of income from STL as a franked dividend consistent with STL's past practice. This means that fully franked dividend is not taxed in the hands of MSF.
- Shares on issue as at 31 December 2009 used in determining earnings per share rather than weighted average number of shares which would be a lower number of shares. This is applied because it is considered more relevant to Tully shareholders.
- No adjustments to Tully's financial forecasts which have been extracted from the Supplementary Target's Statement.
- No material transaction costs above MSF's budgeted allowance.

6.3 Important information about the financial forecast information

The forecast financial information of MSF for the financial year ending 30 June 2010 set out in this Third Supplementary Bidder's Statement has been prepared for the year ending 30 June 2010, based on the MSF Directors' assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions which, at the date of this Third Supplementary Bidder's Statement, the MSF Directors expect to take place.

The forecast financial information of MSF for the financial year ending 30 June 2010 set out in this Third Supplementary Bidder's Statement should be considered together with other information contained in the rest of the Bidder's Statement, including the risk factors set out in section 8 of the Original Bidder's Statement. The forecast financial information for MSF for the financial year ending 30 June 2010 uses the same accounting policies adopted by MSF in the preparation of the historical financial information for MSF for the year ended 30 June 2009.

Forecasts by their very nature are subject to uncertainties and unexpected events, many of which may be outside the control of MSF and the MSF Board. Events and circumstances may

not, and often do not, occur as anticipated and therefore actual results may vary from the forecast and these variances may be materially positive or negative. Accordingly, the MSF Board cannot and do not guarantee the achievement of the forecasts.

7 Taxation considerations

7.1 Taxation opinion

Section 7 of the Bidder's Statement contains a tax opinion prepared by PricewaterhouseCoopers opining on the likely tax consequences for Tully Shareholders who accept the Offer.

Annexure C to this Third Supplementary Bidder's Statement contains an updated tax opinion prepared by PricewaterhouseCoopers in relation to the amended Offer.

7.2 Potential stamp duty payable by MSF

Section 8 of the Bidder's Statement sets out a number of factors, both specific to MSF and of a general nature, which may affect the future operating and financial performance of MSF, the market price of MSF Shares and the outcome of an investment in MSF by subscribing for MSF Shares under the Offer. Tully Shareholders should still have regard to these risk factors when assessing whether or not to accept the Offer.

One risk factor relating to the Offer set out in section 8.5(f) of the Bidder's Statement relates to potential stamp duty and is on the following terms:

“Given the proposed acquisition structure, stamp duty only becomes payable if Tully is assessed by the Office of State Revenue to be a “land rich entity”. Broadly, this means that the value of land exceeds 60% of the total value of the consideration. Preliminary analysis suggests that Tully will not be a land rich entity at the date of completion of the Offer. However, there remains a risk that, at the date of acquisition, Tully will be a land rich entity and in this case stamp duty would become payable at up to 5.25% of the value of the land. If stamp duty becomes payable, this will be paid by MSF - see clause 11.3 of the Offer Terms.”

An updated analysis conducted by MSF suggests that the likelihood that Tully will be a land rich entity at the date of completion of the Offer has increased. Accordingly, the likelihood that MSF will need to pay stamp duty in relation to its acquisition of Tully has increased. Whether or not MSF will need to pay stamp duty remains somewhat uncertain and will not be known until such time as the Offer may complete.

8 Other Matters

8.1 Extension of the Offer Period

Tully Shareholders would have recently received a letter from MSF attaching a notice of variation extending the Offer Period and notice of new date for giving notice of status of conditions, both dated 18 February 2010. Due to an administrative error by MSF's mailing agent, the notices that were mailed to Tully Shareholders were not consistent with the notices that were lodged with ASIC and ASX.

In order to rectify this, attached as Annexures A and B to this Third Supplementary Bidder's Statement are new notices (which have been lodged with ASIC and ASX) under which MSF has varied the Offer by extending the closing date of the Offer Period to **5.00pm AEST on 30 April 2010**.

The new date for MSF to give a notice on the status of the conditions set out in Appendix 1 of the Bidder's Statement pursuant to section 630(3) of the Corporations Act is 22 April 2010.

8.2 Consequential amendments

In addition to the other information set out in this Third Supplementary Bidder's Statement, as a consequence of the addition of the Cash+Shares Alternative, the Bidder's Statement is amended as follows:

- (a) on the covering page of the Bidder's Statement, delete "For each Tully Share you will receive 13 MSF Shares" and replace it with:

"For each Tully Share you may elect to receive either:

\$6.75 in cash plus 10 MSF Shares for each Tully Share

or

13 MSF Shares for each Tully Share";

- (b) on page 11 of the Bidder's Statement, in the row of the table demarcated "What is the Offer?", delete "you will receive 13 MSF Shares for each Tully Share you own" and replace it with "for each Tully Share you may elect to receive either \$6.75 in cash plus 10 MSF Shares or 13 MSF Shares";
- (c) on page 12 of the Bidder's Statement, in the row of the table demarcated "If I accept the Offer, when will I receive the MSF Shares to which I am entitled?", delete "MSF Shares" in that row and replace it with "consideration";
- (d) on page 13 of the Bidder's Statement, in the row of the table demarcated "What happens if I do not accept the Offer", delete "MSF Shares" in the first line of the second paragraph and replace it with "consideration";
- (e) in section 2.1 of Appendix 1, delete "The consideration offered is 13 MSF Shares for each Tully Share." and replace it with:

"The consideration offered is available in two alternative forms:

Cash+Shares Alternative

\$6.75 in cash plus 10 MSF Shares for each Tully Share; or

All Shares Alternative

13 MSF Shares for each Tully Share.

If you accept the Offer, you must elect to receive either the Cash+Shares Alternative or the All Shares Alternative. If you fail to make an election, you will be deemed to have elected to receive the All Shares Alternative.";

- (f) in section 2.3 of Appendix 1, in the first paragraph, after "13" add "if you elect to receive the All Shares Alternative or 10 if you elect to receive the Cash+Shares Alternative"; and
- (g) in section 5 of Appendix 1, add a new section 5.13 as follows:

“5.13 Method of payment of cash component

Payment of the cash amount to which you are entitled pursuant to the Offer if you elect to receive the Cash+Shares Alternative will be made by cheque in Australian currency. Cheques will be sent to the address shown on the Acceptance Form by prepaid ordinary mail or, if you have an overseas address, by prepaid airmail.”

8.3 Consents

PricewaterhouseCoopers has prepared the updated tax opinion contained in Annexure C to this Third Supplementary Bidder’s Statement. PricewaterhouseCoopers has given, and has not before the date of this Third Supplementary Bidder’s Statement withdrawn, its consent to:

- (a) be named in this Third Supplementary Bidder’s Statement in the form and context in which it is named; and
- (b) the inclusion of the statements contained in Annexure C to this Third Supplementary Bidder’s Statement in the form and context in which they are included.

9 Update to ASX announcements made by MSF

Since the date of the Second Supplementary Bidder’s Statement (being 13 November 2009), MSF has made the following announcements to the ASX and Appendix 3 of the Bidder’s Statement is updated accordingly.

The content of these announcements are available via the ASX website (www.asx.com.au).

Date	Price sensitive	Announcement
13/11/2009	No	MSF Tully Notice of Second Supplementary Bidder’s Statement
13/11/2009	Yes	MSF Tully Second Supplementary Bidder’s Statement
17/11/2009	No	Notice in respect of Placement of New Shares
18/11/2009	No	Offer to Participate in Share Purchase Plan
18/11/2009	No	Ceasing to be a substantial holder
18/11/2009	No	Change in substantial holding from PPT
19/11/2009	No	Presentation to Shareholders at AGM 19 November 2009
19/11/2009	Yes	Chairman’s Address to Shareholders at AGM 19 November 2009
19/11/2009	No	Resolution Results from AGM 19 November 2009
26/11/2009	No	Takeovers Panel: Tully Sugar Limited Panel Receives Application
03/12/2009	No	Becoming a substantial holder
07/12/2009	No	Becoming a substantial holder
10/12/2009	Yes	MSF Tully Notice of Extending Offer Bid
10/12/2009	No	MSF Tully Takeover Offer Extension - Letter to Shareholders
10/12/2009	No	MSF Tully New Date for Giving Notice of Status of Conditions
10/12/2009	No	MSF Tully Notice of Variation Extending Offer Period

15/12/2009	No	Details of share registry address
15/12/2009	No	Appendix 3B
16/12/2009	No	MSF Share Purchase Plan
23/12/2009	No	Appendix 3Y - Change of Director's Interest Notice
23/12/2009	No	Appendix 3Y - Change of Director's Interest Notice
23/12/2009	No	Appendix 3Y - Change of Director's Interest Notice
23/12/2009	Yes	Takeovers Panel - Tully Sugar Limited Decision Media Release
24/12/2009	Yes	Takeovers Panel - Tully Sugar Limited 01R - Panel Receives Review Application
08/01/2010	Yes	Takeovers Panel - Tully Sugar Limited 01R - Panel Declines to Conduct Proceedings
18/02/2010	Yes	Notice of Variation Extending Tully Offer Period
26/02/2010	Yes	Half Yearly report and Accounts
26/02/2010	No	Announcement of Results for Half Year Ended 31 December 2009
26/02/2010	No	Amended Announcement of Results for Half Year Ended 31 December 2009
03/03/2010	Yes	Tully Offer - Variation 3 March 2010
05/03/2010	Yes	SandP Announces March SP/ASX Index Rebalance

10 Glossary

10.1 Definitions

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Third Supplementary Bidder's Statement. Additional terms used in this Third Supplementary Bidder's Statement are defined as follows:

All Shares Alternative has the meaning given in section 1.1 to this Third Supplementary Bidder's Statement.

Cash+Shares Alternative has the meaning given in section 1.1 to this Third Supplementary Bidder's Statement.

Supplementary Target's Statement means the Supplementary Target's Statement dated 23 December 2009 issued by Tully (Tully Shareholders should also be aware that Tully has issued a second supplementary Target's Statement dated 4 January 2010 and a third supplementary Target's Statement dated 7 January 2010).

10.2 Interpretation

Section 11.2 of the Bidder's Statement applies to this Third Supplementary Bidder's Statement as if that section were set out in full in this Third Supplementary Bidder's Statement (except that all references to "this Bidder's Statement" in that section are to be read as "this Third Supplementary Bidder's Statement").

11 Approval of Third Supplementary Bidder's Statement

This Third Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the directors of MSF on 4 March 2010.

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

Dated: 5 March 2010.

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

James Jackson
Chairman

Annexure A
THE MARYBOROUGH SUGAR FACTORY LIMITED
ABN 11 009 658 708
NOTICE OF VARIATION

TO: Tully Sugar Limited ABN 92 011 030 256 (“**Tully**”)
AND TO: Each person to whom an offer was made (“**Offer**”) pursuant to the Bidder’s Statement dated 21 October 2009, as supplemented (“**Bidder’s Statement**”) by The Maryborough Sugar Factory Limited ABN 11 009 658 708 (“**MSF**”)
AND TO: ASX Limited

Introduction

Unless the context requires otherwise, defined terms in the Bidder’s Statement have the same meaning in this notice. A copy of this notice was lodged with the Australian Securities and Investment Commission (“**ASIC**”) on 5 March 2010. ASIC takes no responsibility for the contents of this notice.

Variation to consideration for the Offer

MSF gives notice under section 650D of the Corporations Act 2001 (Cwlth) (“**Corporations Act**”) that it varies the Offer by offering an additional alternative form of consideration for Tully Shares, namely \$6.75 in cash plus 10 MSF Shares for each Tully Share.

Tully Shareholders who have already accepted the Offer are entitled to make a fresh election as to the form of consideration to be taken.

Variation extending Offer Period

MSF gives notice under section 650D of the Corporations Act that it varies the Offer by extending the Offer Period (as described in the Bidder’s Statement and as extended by notices dated 10 December 2009 and 18 February 2010) so as to change the close of the Offer Period from 5.00pm AEST on 9 April 2010, to 5.00pm AEST on 30 April 2010 (unless further extended or withdrawn).

The new date for giving notice under section 630 of the Corporations Act of the status of the conditions set out in Appendix 2 of the Bidder’s Statement is 22 April 2010, being a date not less than 7 days before the end of the Offer Period (as varied by this notice).

Dated: 5 March 2010

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 4 March 2010.



James Jackson
Director



Sue Palmer
Director

Annexure B
THE MARYBOROUGH SUGAR FACTORY LIMITED
ABN 11 009 658 708

NEW DATE FOR GIVING NOTICE OF STATUS OF CONDITIONS

TO: Tully Sugar Limited ABN 92 011 030 256 (“**Tully**”)

AND TO: Australian Securities and Investments Commission

AND TO: ASX Limited

The Maryborough Sugar Factory Limited (ABN 11 009 658 708) (“**MSF**”) gives notice under section 630(2) of the Corporations Act 2001 (Cwlth) (“**Corporations Act**”) in relation to the offer dated 28 October 2009 (“**Offer**”) under the takeover bid by MSF for all of the shares in Tully as set out in the Bidder’s Statement dated 21 October 2009, as supplemented (“**Bidder’s Statement**”).

The date for giving notice on the status of the conditions set out in Appendix 2 of the Bidder’s Statement pursuant to section 630(3) of the Corporations Act has been postponed by operation of section 630(2) of the Corporations Act. The new date for giving a notice on the status of those conditions is 22 April 2010, being a date not less than 7 days before the end of the Offer Period (as has been varied).

As at the date of this notice:

- (a) except as stated in paragraph (b), MSF has not freed the Offer from any of the conditions set out in Appendix 2 of the Bidder’s Statement;
- (b) as stated in the Notice of Fulfilment of Condition under section 630(4) of the Corporations Act dated 7 October 2009, the condition in paragraph (b) of Appendix 2 of the Bidder’s Statement (relating to approval under the Foreign Acquisitions and Takeovers Act 1975) has been fulfilled and, accordingly, the Offer is free of that condition; and
- (c) so far as MSF knows, none of the other conditions to the Offer set out in Appendix 2 of the Bidder’s Statement have been fulfilled or waived and, accordingly, the Offer remains subject to those conditions.

As at the date of this notice, MSF has received acceptances in respect of 0.09% of Tully Shares.

Unless the context requires otherwise, defined terms in this notice have the same meaning as in the Bidder’s Statement.

Dated: 5 March 2010

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 4 March 2010.

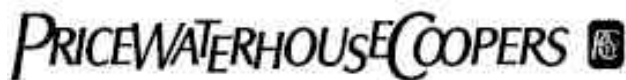


James Jackson
Director



Sue Palmer
Director

Annexure C



The Directors
The Maryborough Sugar Factory Limited
PO Box 119
MARYBOROUGH QLD 4650

PricewaterhouseCoopers
ABN 52 760 433 757

Riverside Centre
123 Eagle Street
BRISBANE QLD 4000
GPO Box 150
BRISBANE QLD 4001
DX 77 Brisbane
Australia
Telephone +61 7 3257 6000
Facsimile +61 7 3257 5999
www.pwc.com/au

4 March 2010

**Subject: The Maryborough Sugar Factory Limited
Proposed Merger with Tully Sugar Limited
Taxation Opinion - Shareholders**

Dear Directors

We refer to the request by the Board of Directors of The Maryborough Sugar Factory Limited ("MSF") to prepare a Taxation Opinion outlining the taxation implications for the shareholders of Tully Sugar Limited ("Shareholders") in relation to the proposed Merger (the "Offer") involving the offer by MSF to acquire the shares in Tully Sugar Limited ("Tully"). We understand that this Taxation Opinion will be included in MSF's Third Supplementary Bidder's Statement to be dated on or about 5 March 2010 in relation to the proposed merger with Tully.

EXECUTIVE SUMMARY

The key Australian income tax implications for Shareholders in relation to the proposed merger with Tully are summarised as follows:

- Shareholders may make a capital gain or capital loss in respect of their Tully shares to the extent that the consideration received under the Offer differs from the capital gains tax ("CGT") cost base or reduced cost base of the Tully shares exchanged under the offer.
- Individual, trustee and superannuation fund Shareholders that have held (or are deemed to have held) their Tully shares for at least twelve months and one day may be eligible for CGT discount concessions.
- Shareholders may choose to obtain roll-over relief under the CGT scrip for scrip rules to the extent that MSF shares are received as consideration under the Offer if MSF becomes the owner of 80% or more of the voting shares in Tully.

Liability limited by a scheme approved under Professional Standards Legislation

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

- If scrip for scrip roll-over relief is available, any capital gain realised by Shareholders on the sale of Tully shares to MSF to the extent MSF shares are received as consideration under the Offer may be disregarded. On this basis, the capital gain will be deferred until the shares in MSF received as consideration under the Offer are sold or otherwise dealt with for CGT purposes.
- No scrip for scrip roll-over relief is available to the extent that cash consideration is received under the Offer.
- No scrip for scrip roll-over relief is available if a capital loss is realised on the sale of Tully shares or if the Tully shares were acquired (or taken to be acquired) before 20 September 1985. However, the CGT cost base of the shares in MSF received as consideration under the Offer will be the market value of the MSF shares at the time the contract for the disposal of the Tully shares is entered into.
- Where a CGT scrip for scrip roll-over choice is made:
 - The cost base and reduced cost base of the MSF Shares received as consideration under the Offer will reflect proportionally the cost base and reduced cost base that the Shareholders have in their relevant Tully Shares.
 - For the purposes of determining whether Shareholders will be eligible to avail themselves of the CGT discount concessions on any future disposal of the MSF shares, the replacement shares in MSF will have a deemed acquisition date which corresponds to the original acquisition date for the relevant shares in Tully that are exchanged.
- The Australian tax implications associated with owning shares in MSF (for example in relation to dividends received and upon a future sale) will be similar to the current ownership of shares in Tully.

SCOPE OF TAXATION OPINION

This Taxation Opinion is a general description of the Australian taxation consequences for Tully Shareholders who accept the Offer from MSF or who have their shares compulsorily acquired by MSF.

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

This Taxation Opinion is based on the law and administrative practices in effect as at the date of this letter, including the *Income Tax Assessment Act 1936* ("ITAA 1936"), the *Income Tax Assessment Act 1997* ("ITAA 1997"), the *A New Tax System (Goods and Services Tax) Act 1999*, and our understanding of the current administrative approach of the Australian Taxation Office ("ATO") as reflected by published rulings and determinations.

The law is complex and is subject to change periodically as is its interpretation by the courts and the ATO. We have not sought to have our opinion ruled upon by the ATO and therefore there is a risk that the ATO may not agree with our opinion or aspects of it.

The Taxation Opinion does not take into account changes in the law after this date, whether by way of judicial decision or legislative action.

This Taxation Opinion applies to those Tully Shareholders who are Australian residents for taxation purposes and who hold their shares in Tully on capital account. It does not address the taxation treatment of those Shareholders who:

- hold their shares in Tully on revenue account (for example, because the shares in Tully are held in relation to the conduct of a share trading business or to derive a profit); or
- are not Australian residents for taxation purposes.

Shareholders holding their shares on revenue account will or may be subject to special or different tax consequences peculiar to their circumstances, and they should accordingly seek specialist advice tailored to those circumstances.

Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

Shareholders should seek independent professional advice regarding the consequences of accepting this offer based on their own particular circumstances.

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

INCOME TAX CONSEQUENCES OF ACCEPTING THE OFFER

Pursuant to the Offer, MSF proposes to acquire all Tully shares, with Tully Shareholders offered the choice of one of the following alternative forms of consideration – 13 MSF shares for each Tully share acquired (the All Shares Alternative) or \$6.75 in cash plus 10 MSF shares for each Tully share acquired (the Cash+Shares Alternative). The Offer is subject to, *inter alia*, MSF acquiring at least 80% of Tully shares on issue and to the Treasurer of the Commonwealth of Australia consenting to the proposed acquisition under the *Foreign Acquisitions and Takeovers Act 1975*.

Calculation of Gain or Loss

Acceptance of the Offer will involve a disposal by Shareholders of their shares in Tully to MSF. This disposal of shares in Tully will constitute a CGT event for Australian CGT purposes (however see below for the potential availability of roll-over relief).

Australian resident Shareholders who acquired (or are taken to have acquired) their Tully shares on or after 20 September 1985 may make a capital gain or capital loss on disposal of their shares in Tully. No taxable capital gain or capital loss will arise in respect of Tully shares which were acquired (or taken to have been acquired) before 20 September 1985.

A capital gain will result where the capital proceeds from the disposal of shares in Tully are more than the cost base of those shares. Alternatively, a capital loss will result where the capital proceeds are less than the reduced cost base of the shares in Tully.

The capital proceeds relating to the disposal will be equal to the amount of cash received (if the Cash+Shares Alternative is chosen) plus the market value of the MSF shares received by Shareholders in respect of the disposal of their shares in Tully pursuant to the Offer.

For these purposes, the value of the shares in MSF will be their market value on the date the contract for the disposal is entered into (being the later of the date on which the Commonwealth Treasurer consents to the proposed acquisition under the Commonwealth's Foreign Takeover law and the date Shareholders accept the Offer by forwarding their completed and signed Acceptance Form).

The cost base of the shares in Tully will generally be their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with the acquisition or disposal of the shares in Tully (such as stamp duty and brokerage) may be added to the cost base.

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

Further, if the reduced cost base is to be determined (to calculate a capital loss), certain adjustments to the cost base of the shares in Tully may need to be made.

Capital gains (for which roll-over relief is not available or not chosen) and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax at the taxpayer's marginal tax rate. However, a CGT discount may be available to reduce the net capital gain for certain Shareholders (see below).

Note that capital losses may only be offset against a capital gain – they cannot be deducted against other income for income tax purposes. However, if capital losses exceed capital gains in an income year, the net capital loss may be carried forward to be offset against capital gains made in future income years (subject to the satisfaction of the relevant loss utilisation rules for corporate taxpayers).

CGT Discount

In general, if a share in Tully has been held for less than twelve months before the disposal date (that is, the date that the contract for disposal is entered into), the capital gain or capital loss is calculated on the difference between the capital proceeds and the cost base or reduced cost base for the share.

However, if a share in Tully has been held for at least twelve months before the disposal date, in calculating the capital gain, eligible Shareholders may be able to use the CGT discount method to reduce their capital gain.

If the Shareholder is an individual, complying superannuation fund or trust and held the shares in Tully for at least twelve months and one day before the disposal date, they should be entitled to the CGT discount for any capital gains arising in respect of shares disposed of under the Offer. The CGT discount entitles such shareholders to reduce their capital gain on those shares (after deducting available capital losses of the shareholder) by half in the case of individuals and trusts, or by one-third in the case of complying superannuation funds. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

The CGT discount is not relevant for the purposes of calculating a capital loss. Further, the CGT discount is also not available to companies, or where the shares in Tully have been held for less than twelve months. In this respect, it is noted that special rules apply to

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

determine if shares have been held for the requisite period. Shareholders should seek their own advice on this issue.

As an alternative to the CGT discount, Shareholders who held shares on or before 21 September 1999 can choose to include indexation in the CGT cost base of the Shares. Shareholders should seek independent professional advice in relation to the making of this choice.

Scrip For Scrip Roll-over Relief

If, as a result of the Offer, MSF becomes the owner of 80% or more of the voting shares in Tully, Shareholders who would otherwise make a capital gain from the disposal of their shares in Tully pursuant to the Offer may choose to obtain scrip for scrip roll-over relief to the extent MSF shares are received as consideration under the Offer. The Shareholder's choice must be made by the day on which their income tax return for the year in which the disposal of the Tully shares occurs is lodged with the ATO. Further, the way in which Shareholders prepare their income tax return is taken to be sufficient evidence of the making of the choice.

Where a choice for scrip for scrip roll-over relief is made, the capital gain made in respect of the receipt of shares in MSF under the Offer as consideration may be disregarded and effectively deferred until the Shareholder disposes of the shares in MSF which they acquire under the Offer.

Making the roll-over choice will affect the cost base of the shares in MSF received as consideration under the Offer. By choosing roll-over relief, the cost base and reduced cost base of the shares in MSF received as consideration under the Offer will reflect proportionally the respective cost base and reduced cost base that the Shareholders have in those shares in Tully that are disposed of under the Offer for which MSF shares are received.

In addition, for the purposes of determining whether any entitlement to the CGT discount is available in respect of future dealings with the shares in MSF received as consideration under the Offer, the time of acquisition of the shares in MSF received as consideration under the Offer will be taken for CGT purposes to be the time that Shareholders acquired their shares in Tully.

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

The benefit of choosing scrip for scrip roll-over relief will depend upon the particular circumstances of Shareholders. As such, Shareholders should consult their own tax advisor for further advice in this regard. Making the roll-over choice will affect the tax consequences of a future disposal of the shares in MSF received as consideration under the Offer (refer below).

When scrip for scrip roll-over relief is not available

Note that if a Shareholder realises a capital loss from accepting the Offer, roll-over relief will not be available to that Shareholder. Capital losses can only be offset against capital gains realised by the Shareholder in the same year of income or in subsequent years of income, subject to the satisfaction of any relevant tax loss utilisation rules.

If a Shareholder acquired any Tully shares before 20 September 1985, scrip for scrip roll-over relief will not be available in respect of any gain made on those shares. However, as noted above, the Shareholder will not realise a taxable capital gain in relation to those shares.

Further, no scrip for scrip roll-over relief is available in respect of the cash component of the consideration received if the Cash+Shares Alternative is chosen by a Shareholder.

Example Where Scrip for Scrip Roll-over is Chosen.

Where All Shares Alternative consideration is chosen

A Tully Shareholder holds 100 shares in Tully and the average cost base per share is \$13.00. Under the Offer, the Shareholder will receive 13 MSF shares for every Tully share. In this regard, the Tully Shareholder will receive 1,300 shares in MSF in exchange for the 100 Tully shares.

If the market value of the MSF shares on the date the Shareholder accepts the offer is \$2.25 (MSF's volume weighted average share price during August 2009 to 27 August 2009), then the capital proceeds the Shareholder receives will be calculated as:

$$1,300 \text{ shares} \times \$2.25 = \$2,925$$

Prima facie, the Shareholder would make a capital gain of:

$$\$2,925 - \$1,300 = \$1,625$$

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

However, this capital gain will be disregarded if the Shareholder chooses to obtain roll-over relief.

If the Shareholder chooses roll-over relief, then the cost base of the 1,300 MSF shares they receive will be the cost base of their original shares in Tully. That is, the aggregate cost base of their MSF shares will be \$1,300 or \$1.00 per share ($\$1,300 / 1,300$ MSF shares = \$1.00).

Note: Shareholders should seek independent professional advice on the consequences of accepting the offer based on their particular circumstances.

Where Cash+Shares Alternative consideration is chosen

A Tully Shareholder holds 100 shares in Tully and the average cost base per share is \$13.00. Under the Offer, the Shareholder will receive \$6.75 in cash plus 10 MSF shares for every Tully share. In this regard, the Tully Shareholder will receive \$675 cash plus 1,000 shares in MSF in exchange for the 100 Tully shares.

If the market value of the MSF shares on the date the Shareholder accepts the offer is \$2.25 (MSF's volume weighted average share price during August 2009 to 27 August 2009), then the capital proceeds the Shareholder receives will be calculated as:

$$\begin{array}{r} 1,000 \text{ shares} \times \$2.25 = \$2,250 \\ \text{Cash component} \quad \underline{\$675} \\ \underline{\$2,925} \end{array}$$

Prima facie, the Shareholder would make a capital gain of:

$$\$2,925 - \$1,300 = \$1,625$$

In order to determine the consequences of choosing scrip for scrip roll-over relief, it is necessary to allocate the cost base of the Tully shares between the cash component and the MSF shares component of the consideration.

The cost base of the cash component can be determined as follows:

$$\begin{array}{l} \text{Cost base of Tully shares} \times (\text{cash consideration} / \text{total consideration}) \\ = (100 \times \$13.00) \times (\$675 / \$2,925) \\ = \$300 \end{array}$$

The capital gain made in respect of the cash component of the consideration will be:

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

Cash component of consideration – cost base of cash component
= \$675 - \$300
= \$375

If the Shareholder chooses roll-over relief, then the cost base of each MSF share they receive will be determined as follows:

(Cost base of Tully shares - cost base of cash component) / number of MSF shares
= (\$1,300 - \$300) / 1,000
= \$1.00

Note: Shareholders should seek independent professional advice on the consequences of accepting the offer based on their particular circumstances.

INCOME TAX CONSEQUENCES OF DISPOSAL OF SHARES IN MSF RECEIVED AS CONSIDERATION UNDER THE OFFER

The disposal of the shares in MSF received as consideration under the Offer will be subject to the same Australian CGT consequences described above in relation to the disposal of shares in Tully, subject to the following differences in the case of a Shareholder that chooses to obtain scrip for scrip roll-over relief in relation to the exchange of shares in Tully for the shares in MSF received as consideration under the Offer, and those that do not.

Where Roll-over Chosen

For those Shareholders who choose to obtain scrip for scrip roll-over relief, the cost base and reduced cost base of the shares in MSF received as consideration under the Offer will reflect proportionately the respective cost base and reduced cost base for the shares in Tully that are exchanged for the MSF shares received as consideration under the Offer (as outlined above).

In the event of a future capital gain arising on a disposal of the shares in MSF received as consideration under the Offer, eligibility for the CGT discount concession for Shareholders who chose to obtain scrip for scrip roll-over relief will be based on the original acquisition date of the shares in Tully which were exchanged for the MSF shares.

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

Where Roll-over Not Chosen or Not Available

Where roll-over relief was not chosen, or was not applicable to the disposal of the shares in Tully, the cost base of the shares in MSF which will be received as consideration under the Offer will be the market value of the shares in MSF at the date of entry into the contract for acquisition (as outlined above).

In this case, Shareholders who are individuals, trustees or superannuation funds must determine their compliance with the twelve month period for the CGT discount on the disposal of the shares in MSF received as consideration under the Offer by reference to the date of acquisition of the shares in MSF (that is, not from the date of acquisition of the original shares in Tully).

INCOME TAX CONSEQUENCES OF OWNERSHIP OF SHARES IN MSF

The Australian tax consequences of ownership of the shares in MSF received as consideration under the Offer are essentially the same as the Australian tax consequences of the ownership of shares in Tully.

Australian resident Shareholders must include dividends in their assessable income and, to the extent that those dividends are franked, resident shareholders must include in their assessable income an additional amount equivalent to the underlying franking credit. A tax offset equal to the amount of the franking credit is available to the Shareholder in respect of their income tax payable for the relevant income year.

In this respect, where the income tax payable of a Shareholder that is an individual or complying superannuation fund is less than the franking credit offset available (before the application of any tax offsets), the excess franking credits may be refunded to the Shareholder.

Any excess franking credits are not able to be refunded to corporate Shareholders. However, excess franking credits can be converted by a corporate Shareholder to a tax loss that may be utilised in future years (subject to the satisfaction of the relevant loss utilisation rules). In addition, a corporate Shareholder should be entitled to a credit in its franking account for franking credits received which are then available for distribution as part of a franked dividend to its shareholders.

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

It should be noted that subject to certain exemptions, a Shareholder may be required to have held their shares in MSF received as consideration under the Offer for at least 45 days materially "at risk" in order to be eligible for the franking credit benefits outlined above. Shareholders should consult their own tax advisor for further advice in this regard.

GOODS & SERVICES TAX CONSEQUENCES

Shareholders will not be required to pay Goods & Services Tax ("GST") on the sale of existing shares in Tully and the acquisition of shares in MSF received as consideration under the Offer.

We note that, while no GST is payable on the transfer or disposal of shares, Shareholders registered or required to be registered for GST in Australia will need to determine the extent, if any, to which amounts paid in respect of GST are paid by them on acquisitions relating to those events and should be denied.

DISCLAIMER

To persons receiving this document in Australia:

The information contained in this document does not constitute "financial product advice" within the meaning of the Corporations Act 2001 ("Corporations Act"). The PricewaterhouseCoopers Partnership which is providing this advice is not licensed to provide "financial product advice" under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant "financial product".

This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide "financial product advice" under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice. If this material relates to the acquisition or possible acquisition of a particular "financial product", a recipient in Australia should obtain any relevant disclosure document

The Directors
The Maryborough Sugar Factory Limited
4 March 2010

prepared in respect of that product and consider that document before making any decision about whether to acquire the product.

Yours sincerely



Allan Neilsen
Partner
Tax and Legal Services



Need help?

Contact MSF Offer Information Line

Phone 1300 851 394 (from within Australia)

Phone +61 2 8280 7912 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: 112345678910

Tully Shares held as at the Register Date 99,999,9999

If your holding has changed between the Register Date and time of acceptance, then write your current holding here and initial your amendments. Your acceptance will in any event apply in respect of all of your Tully Shares.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form

This is a personalised form for the sole use of the holder and holding recorded above.

Use this form to accept the Offer by The Maryborough Sugar Factory Limited for all of your shares in Tully Sugar Limited. You should read the entire Bidder's Statement as supplemented by the First Supplementary Bidder's Statement dated 21 October 2009, Second Supplementary Bidder's Statement dated 13 November 2009 and Third Supplementary Bidder's Statement dated 5 March 2010 (together the "Previous Supplements") carefully before completing this form. Capital words used in this form have the meanings given to them in the Bidder's Statement.

B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Tully Shares (even if different from the number specified above) on the Offer Terms and subject to the Offer Conditions. To be an effective Acceptance, your form must be received by Link Market Services Limited by the end of the Offer Period which is 5:00pm (AEST) on 30 April 2010 (unless extended).

Cash+Shares Alternative

If you wish to receive the Cash+Shares Alternative please mark this box.

All Shares Alternative

If you wish to receive the All Shares Alternative please mark this box.

If you do not mark a box or if you mark both boxes you will be deemed to have selected the All Shares Alternative.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Tully Shares and hereby agree to transfer to The Maryborough Sugar Factory Limited all my/our Tully Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement as supplemented by the Previous Supplements. By submitting this form I/we declare that all details and statements made by me/us are complete and accurate.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

The directors of The Maryborough Sugar Factory Limited reserve the right to make amendments to this form where appropriate.

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN/HIN



Holding

TULT TKO001



Further Important Instructions

To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions in this form.

For further information please refer to the Bidder's Statement dated 21 October 2009 as supplemented by the Previous Supplements. Capitalised terms used in this form have the same meanings given to them in the Bidder's Statement as supplemented by the Previous Supplements.

By submitting this form, you agree to take the number of MSF Shares that may be allotted to you pursuant to the Offer on the Offer Terms and subject to the Offer Conditions set out in the Bidder's Statement (or any supplementary bidder's statement) and the MSF Constitution and you agree to be bound by the MSF Constitution.

Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments.
- **Please note** your consideration will be issued in the names as they appear on the Tully Sugar Limited register.
- D** • **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your Tully Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by The Maryborough Sugar Factory Limited and Link Market Services Limited for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to The Maryborough Sugar Factory Limited's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable. You have rights to obtain access to the personal information which you have supplied. Please see Link Market Services Limited's privacy policy on its website www.linkmarketservices.com.au.

Lodgement instructions

- To accept the Offer, mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Tully Sugar Limited Offer
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Tully Sugar Limited Offer
Level 12, 680 George Street
SYDNEY NSW 2000

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 5:00pm (AEST) on the last day of the Offer Period, being 30 April 2010 (unless extended).

If you have any questions about the terms of the Offer or how to accept, please call the MSF Offer Information Line on the following numbers:

**within Australia: 1300 851 394
outside Australia: +61 2 8280 7912**