



SECURITIES TRADING POLICY

THE MARYBOROUGH SUGAR FACTORY LIMITED

This is an important document. If you do not understand any aspect of this policy, it is strongly recommended that you consult the Company Secretary.

December 2010

Introduction

This Securities Trading Policy regulates dealings by directors and employees in shares, options, performance rights and other securities issued in relation to The Maryborough Sugar Factory Limited (MSF).

The purpose of this policy is to ensure that the directors and employees are aware of the legal restrictions on:

- Trading in MSF Securities when in possession of knowledge that is unpublished, price-sensitive information;
- Seeking to enter into arrangements designed to reduce or eliminate the risk associated with long term incentives such as performance rights and options offered by the company to certain executives.

Additionally this policy is intended to minimise the possibility of a perception arising that the directors or employees are trading while in possession of unpublished, price-sensitive information which impacts on the reputation of MSF.

Whilst as a public company listed on the ASX, encouragement is given for long term investment in the company by directors and employees as a way to demonstrate alignment of interest with external shareholders, any Dealing in MSF Securities should not be seen as reflecting negatively on the officer or employee concerned, MSF or both.

The general principles of this policy regarding allowable Dealings by directors and employees in MSF Securities are that:

- Directors and employees shall ensure they act within the law at all times and do not Deal in Securities of MSF if they are in possession of unpublished, price-sensitive information;
- It is inappropriate for directors and employees to regularly deal in MSF securities;
- Subject to what is stated below, directors must notify the Chairman (or the Board in the case of the Chairman) of any Dealings in MSF's Securities prior to any transaction occurring and again within three days of the dealing taking place; and
- Directors and designated employees must not Deal in MSF Securities during the Black-Out Periods established under this Policy.

Breach of insider trading law under the *Corporations Act 2001 (Cth)* by you, your family members or friends could expose you or them to criminal and civil liability. Breach of insider trading law or this policy will also be regarded as serious misconduct which may lead to disciplinary action being taken dependent on the circumstances of the breach.

Definitions

These meanings apply to capitalised terms used in this policy:

- **Black-out Period** means
 - from 31 December to the end of the business day immediately following the day that MSF's full year results are released to the ASX; and
 - from 30 June to the end of the business day immediately following the day that MSF's half year results are released to the ASX; and
 - any other period determined to be a Black-out Period by the Board.
- **Deal** or **Dealing** includes:
 - (a) applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or sell, Securities; or
 - (b) procuring another person to do any of the things in (a).
- **Designated Officer** means directors and Key Management Personnel, specifically Chief Executive Officer, Chief Financial Officer, Mill General Managers, Agriculture Manager, Group Manager – Market Risk, General Manager – Sales & Marketing, Company Secretary, Business Development Manager, Property Asset Manager, Company Accountant, Executive Secretary and any other employee who may have access to market-sensitive information about the company that has not been released to the market
- **Inside Information** means information that the person knows, or ought reasonably to know:
 - is not generally available including information that MSF has not disclosed to the market in accordance with MSF's Continuous Disclosure Policy; and
 - might have a material effect on the price or value of those securities if it was generally available.
- **Key Management Personnel** means those persons having authority and responsibility for planning, directing and controlling the activities of MSF, directly or indirectly, including any director (whether executive or otherwise) of MSF.
- **Security** or **Securities** means MSF shares, options, warrants or any other security of MSF, whether or not they are traded on the Australian Stock Exchange.

1. Overview of the Insider Trading Provisions of the Corporations Act 2001

It is illegal for anybody to Deal in any Securities of MSF when in possession of information that the person knows, or ought reasonably to know:

- is not generally available including information that MSF has not disclosed to the market in accordance with MSF's Continuous Disclosure Policy; and
- might have a material effect on the price or value of those Securities if it was generally available.

This prohibition extends to procuring another person to Deal, and, in the case of securities of listed corporations, extends to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in the Securities in question or procure another person to do so.

2. Confidentiality and Inside Information

A person in possession of Inside Information about MSF has a duty to keep that information confidential and must not in any way disclose or communicate that information to any external person.

3. All Employees

Consistent with the legal prohibitions on insider trading, all directors and employees are prohibited from trading in any MSF securities while in possession of Inside Information.

It is a criminal offence for anyone to trade with knowledge of Inside Information. This includes family members and friends of directors and employees.

Additional restrictions are also applicable to those employees with regular access to Inside Information as noted under Section 4 below.

4. Designated Officers

The designated officers to whom additional trading restrictions apply are directors and Key Management Personnel, specifically Chief Executive Officer, Chief Financial Officer, Mill General Managers, Agriculture Manager, Group Manager – Market Risk, General Manager – Sales & Marketing, Company Secretary, Business Development Manager, Property Asset Manager, Company Accountant, Executive Secretary and any other employee who may have access to market-sensitive information about the company that has not been released to the market.

These Designated Officers are subject to additional restrictions on trading in MSF Securities and, in particular must not deal in MSF securities during Black-out Periods (unless prior clearance is provided to the Designated Officer to carry out the Dealing in accordance with this policy).

The Black-out Periods are:

- from 31 December to the end of the business day immediately following the day that MSF's full year results are released to the ASX;
- from 30 June to the end of the business day immediately following the day that MSF's half year results are released to the ASX;
- any other period determined to be a Black-out Period by the Board

If any person is unsure as to the precise start and finish dates of these periods they should consult with the Company Secretary. For the avoidance of doubt, it is prohibited for any director or employee of MSF to Deal in Securities whilst in the possession of Inside Information which may constitute a criminal offence, whether or not the Dealing takes place outside of a Black-out Period - **this restriction applies at all times.**

The restriction on Dealing in Securities under this policy extends to any Dealing by a Designated Officer in financial products issued or created over or in respect of Securities.

5. Dealings Not Subject to the Provisions of this Policy (Excluded Events)

The prohibition on Dealing in Securities of MSF set out in section 4 above does not apply to commitments or elections to take up entitlements under:

- a rights issue;
- a bonus issue;
- a dividend reinvestment plan;
- an exempt or deferred employee share plan;
- or such similar corporate action to those above over which the Designated Officer has no control and is in accordance with an issue or buy back of Securities offered to all MSF shareholders.

However, the prohibition will apply to any subsequent disposal by Designated Officers of MSF securities obtained under any of the above.

6. Prohibitions on Margin Loan or Risk Elimination Arrangements

Designated Officers are prohibited from entering into any agreements that provide lenders with rights over the Designated Officer's interest in any Securities, including for example taking a margin loan or pledging their shareholdings as security.

Designated Officers are also prohibited from hedging or otherwise reducing or eliminating the risk associated with long term incentives such as unvested performance shares and options offered by the Company to the Designated Officer.

Where a Designated Officer, in breach of this policy, hedges or otherwise enters into an arrangement which is designed to reduce or eliminate the risk associated with long term incentives such as unvested performance shares and options, the Securities can be forfeited or lapse as the case may be.

7. Board of Directors' Discretion

The Board of MSF have an absolute discretion to place an embargo on Designated Officers and/or employees and/or their respective associated parties dealing in Securities at any time.

8. Directors to Notify Chairman, Company Secretary and ASX of Shareholding

To ensure transparency, Designated Officers intending to Deal in Securities, at any time, should have these trades disclosed to the Chairman prior to the transaction taking place. Directors must not Deal in Securities, at any time, without first advising the Chairman of their intention to do so (in the case of the Chairman, he or she should disclose his or her intention to the Board).

The directors of MSF have agreed to disclose their interests to the Company within three days of any Dealings in Securities so that Appendix 3X, 3Y or 3Z (as applicable) can be filed with the ASX for the purposes of section 205G of the *Corporations Act 2001 (Cth)* and ASX Listing Rule 3.19A. It has been agreed this will be achieved by notifying the Company Secretary of the details of any such Dealing within this timeframe.

In the event that a director Deals in MSF Securities during a Black-out Period, that director will provide a written explanation as to the circumstances leading to that Dealing to the Chairman (or in the case of the Chairman, to the Board). This will include whether prior approval was received under the Exceptional Circumstances provisions of this policy.

9. Exceptional Circumstances

A designated officer, who is **not** in possession of Inside Information in relation to MSF, may be given prior written clearance to sell or otherwise dispose of MSF Securities during a Black-out Period where the Designated Officer is in severe financial hardship or other exceptional circumstances exist.

Because of their nature, exceptional circumstances cannot always be identified in advance but may include:

- a pressing financial commitment which cannot be satisfied otherwise than by selling the relevant Securities, and
- a court order or some other overriding legal or regulatory requirement necessitating the designated officer to transfer or sell the Securities.

All applications for permission to Deal in Securities during a Black-Out Period on the basis of exceptional circumstances will be reviewed by the Chairman (or the Board where the Chairman is involved) and, if approved, prior written clearance will be granted to permit trading.

Clearance to Deal in the Securities due to exceptional circumstances will apply only in respect of the specified circumstances and will only apply for a period of one month. If at the end of this period the necessary Dealing in Securities has not occurred, the Designated Officer may seek an extension of one month.

Written clearance to Deal in exceptional circumstances will be acceptable in electronic form (i.e. via email).

10. Disclosure

A copy of this policy will be lodged with the ASX as required under the Listing Rules. Any amendments to this policy which are considered “material” as defined under the Listing Rules will also subsequently be lodged.

In addition in order to maintain transparency and appropriate governance, a summary of this policy will be disclosed in the annual report and be made publicly available on the Company’s website.