



JOINT ASX AND MEDIA RELEASE

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MSF SUGAR LIMITED AND MITR PHOL SUGAR CORP., LTD. ANNOUNCE RECOMMENDED TAKEOVER OFFER

Further to the announcement on 9 November 2011, MSF Sugar Limited (“**MSF**”) (ASX:MSF) and Mitr Phol Sugar Corp., Ltd. (“**Mitr Phol**”) are pleased to announce that Mitr Phol has completed its due diligence on MSF and intends to proceed, via its wholly owned subsidiary Mitr Siam International PTE. LTD, to make an all cash off-market takeover offer to acquire all the outstanding shares in MSF not controlled by Mitr Phol for an offer consideration of \$4.45 cash per share (the “**Mitr Phol Offer**”).

The Mitr Phol Offer

MSF shareholders who accept the Mitr Phol Offer will receive \$4.45 cash per share (adjusted for any distributions) once the Mitr Phol Offer becomes unconditional.

The Mitr Phol Offer values the total equity of MSF at approximately \$313 million and represents a premium of:

- 30.9% to the closing share price of MSF shares of \$3.40 on 4 November 2011, being the last trading day MSF shares traded on ASX prior to the commencement of the MSF trading halt on 7 November 2011;
- 37.8% to the 1 month volume weighted average price of MSF shares to 4 November 2011 of \$3.23; and
- 37.3% to the 3 month volume weighted average price of MSF shares to 4 November 2011 of \$3.24.

MSF Board Recommendation

The Board of Directors of MSF **unanimously recommend** that MSF shareholders **accept** the Mitr Phol Offer, subject to there being no superior proposal and subject to the independent expert determining that the Mitr Phol Offer is fair and reasonable.

Each director who holds shares either directly or indirectly in MSF intends to **accept** the Mitr Phol Offer for all their shares in the absence of a superior proposal and subject to the independent expert determining that the Mitr Phol Offer is fair and reasonable.

MSF has appointed Lonergan Edwards and Associates Limited to prepare an independent expert's report on whether the Mitr Phol Offer is fair and reasonable for non-Mitr Phol shareholders. Details of their opinion will be included in the Target's Statement.

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MSF Chairman Mr James A Jackson said: “The Mitr Phol Offer is an attractive offer and provides all MSF shareholders with a substantial premium to the price at which MSF shares last traded prior to the announcement of the conditional agreement with Mitr Phol on 9 November 2011.”

Provides MSF with a Stable Owner for Long Term Growth

Mitr Phol has a long history dating back 70 years and is proud to be a major sugar organisation that began and continues to operate as a canegrower itself.

Today, Mitr Phol is one of the largest sugar producers in Asia, with an estimated market share of 19% in Thailand (ranked first in production and exports) and 9% in China (Mitr Phol first invested in China mills in 1993 and today is ranked second in terms of production).

Mitr Phol is currently the major cornerstone shareholder in MSF, holding a stake of approximately 22%.

“Mitr Phol is a good long-term strategic owner of MSF. Mitr Phol has deep relationships with key parties in Asia and broad operational expertise to develop the MSF business going forward.” Mr Jackson said.

Mitr Phol’s President, Mr Krisda Monthienvichienchai, said: “Mitr Phol is pleased to make our offer for MSF. We believe it is an attractive offer for MSF shareholders at a substantial premium to MSF’s share price and a compelling opportunity for all stakeholders involved.”

“Mitr Phol believes that MSF’s employees are an integral part of the business’ culture, reputation and success. Our objective is to work with the company’s management, employees and cane farmers to grow the business. We believe that this transaction provides a strong platform for not only MSF’s growth aspirations, but also for canegrowers and other stakeholders to work confidently with MSF going forward. Mitr Phol offers a unique combination of experience, sugar industry understanding and global reach to help make this happen.”

“Mitr Phol has developed a close and respected relationship with the MSF Board and management since becoming the major cornerstone investor over 12 months ago. We look forward to working alongside the MSF Board to progress this offer and transition MSF for its next phase of successful growth.”

Implementation and Conditions

On 9 November 2011, MSF and Mitr Phol entered into a Takeover Implementation Agreement (“**TIA**”). The TIA sets out the terms upon which MSF and Mitr Phol will cooperate with each other in relation to the implementation of the Mitr Phol Offer including customary transaction protection arrangements. Shareholders should review the ASX release made by MSF on 9 November 2011 for a more detailed summary of the TIA (available on the MSF website or via the ASX company announcements platform).

A summary of all of the Mitr Phol Offer conditions is set out in Annexure A of this announcement.

Funding

Mitr Phol will fund its all cash offer through internal resources and existing credit facilities.

Transaction Timing

Mitr Phol's Bidder's Statement is expected to be dispatched to MSF shareholders during early December 2011. MSF expects to dispatch its Target's Statement to MSF shareholders shortly thereafter.

Advisors

MSF is being advised by Greenhill Caliburn and Mallesons Stephen Jaques.

Mitr Phol is being advised by Barclays Capital and Baker & McKenzie.

Further Information:

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About MSF

MSF Sugar Limited (ASX: MSF) is an integrated sugar company based in Queensland, Australia. It first listed on the Australian Stock Exchange in 1956 and in 2011 entered into a dynamic new phase of its history with the acquisition of additional sugar producing assets in Far North Queensland. It now has four sugar mills and is the only listed sugar miller on the ASX.

About Mitr Phol

Mitr Phol is one of the world's largest sugar producers, with a history dating back over 70 years starting as a grower. Presently Mitr Phol is one of the largest sugar producers in Asia, with an estimated market share of 19% in Thailand (ranked first in production and exports), and 9% in China (Mitr Phol first invested in China mills in 1993 and today is ranked second in terms of production).

Mitr Phol has six principal lines of business: sugar production and sales in Thailand, China and ASEAN, ethanol production and sales, energy production and sales from biomass, logistics, and particle board from bagasse operations. Current sugar production capacity in Thailand is approximately 1.8 mtpa and capacity in China is approximately 1.2 mtpa.

Mitr Phol currently controls approximately 22% of MSF's issued shares.

ANNEXURE A - MITR PHOL OFFER CONDITIONS

The conditions to the Mitr Phol Offer are as follows:

- (a) **(50.1% minimum acceptance condition)** during, or at the end of, the Mitr Phol Offer Period, the number of MSF shares in which Mitr Phol and its associates together have relevant interests (disregarding any relevant interest that Mitr Phol has merely because of the operation of section 608(3) of the Corporations Act) is at least 50.1% of all the MSF shares;
- (b) **(FIRB approval)** prior to the end of the Mitr Phol Offer Period, either:
 - (i) Mitr Phol receives written advice from the Treasurer (or his delegate) that there are no objections under Australia's foreign investment policy to the Mitr Phol Offer and such advice is either unconditional or, if conditional, on the basis of conditions that impose only non-material requirements; or
 - (ii) following notice of the Mitr Phol Offer having been given by Mitr Phol to the Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth), the Treasurer has ceased to be empowered to make any order under Part II of that Act because of lapse of time;
- (c) **(Other regulatory approvals)** before the end of the Mitr Phol Offer Period, all regulatory approvals (including the approval of the Bank Thailand in respect of the Mitr Phol Offer and its financing) that are required by law or by any regulatory authority as are necessary to permit:
 - (i) the Mitr Phol Offer to be lawfully made to, and accepted by, MSF shareholders; and
 - (ii) any transaction contemplated by the Mitr Phol Offer to be completed; and
 - (iii) the continued operation of the business of MSF and its subsidiaries or of Mitr Phol and its subsidiaries,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all material respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same. In each case on an unconditional basis or on the basis of conditions that impose only non-material requirements incidental to the approvals set out in this Mitr Phol Offer Condition and, at the end of the Mitr Phol Offer Period, all of those regulatory approvals remain in full force and effect in all material respects and are not subject to any notice or indication of intention to remove, suspend, restrict, modify or not renew those regulatory approvals;
- (d) **(No termination)** between the announcement date and the end of the Mitr Phol Offer Period, there is no material breach by MSF of the "prohibited actions" clause of the Takeover Implementation Agreement;
- (e) **(no Prescribed Occurrence)** there not occurring a prescribed occurrence in respect of MSF during the Mitr Phol Offer Period;
- (f) **(no Material Adverse Change)** there not occurring a Material Adverse Change in the period between 9 November 2011 and the end of the Mitr Phol Offer Period;

- (g) **(No actions of regulatory authorities)** between the announcement date and the end of the Mitr Phol Offer Period:
- (i) there is not in effect any preliminary or final decision, order or decree issued by a regulatory authority;
 - (ii) no action or investigation is announced, commenced or threatened by any regulatory authority; and
 - (iii) no application is made to any regulatory authority (other than by Mitr Phol or any of its associates) or commenced by a regulatory authority,

in consequence of or in connection with the Mitr Phol Offer (other than application, decision or order made under, or relating to a breach of, Chapters 6, 6A, 6B or 6C of the Corporations Act or unacceptable circumstances for the purposes of the Corporations Act), which:

- (iv) restrains or prohibits or impedes, or threatens to restrain, prohibit or impede, or otherwise materially adversely impacts on, the making of the Mitr Phol Offer, the acquisition of MSF shares by Mitr Phol under the Mitr Phol Offer, the rights of Mitr Phol in respect of its capacity as a shareholder of MSF or the completion of any transaction contemplated by the Mitr Phol Offer; or
 - (v) seeks to require the divestiture by Mitr Phol of any MSF shares or any material assets of MSF or its subsidiaries;
- (h) **(No untrue statements)** between the announcement date and the end of the Mitr Phol Offer Period, Mitr Phol does not become aware that any document filed by or on behalf of MSF, with ASX or ASIC, contains a statement which is incorrect or misleading in any material particular or from which there is a material omission; and
- (i) **(No change of control rights)** except as fairly disclosed in information provided by MSF to Mitr Phol or its representatives, or is otherwise known to Mitr Phol or its representatives on or prior to the bid announcement date or otherwise disclosed in public filings by MSF with ASIC or provided to ASX on or prior to the bid announcement date, between the bid announcement date and the end of the Mitr Phol Offer Period (each inclusive), as a result (directly or indirectly) of the acquisition or proposed acquisition of any MSF shares by Mitr Phol, no person becomes entitled to exercise, exercises, purports to exercise or states an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), any rights under any provision of any agreement or other instrument to which MSF or any of its subsidiaries is a party or by or to which MSF or any of its subsidiaries or any of their assets is bound, which results, or could reasonably be expected to result in:
- (i) the termination or amendment of any material contractual relationship between any person and MSF or any of its subsidiaries (for this purpose, amendment includes an amendment, alteration or change as a result of the operation of an agreement or instrument, whether or not that altered operation is provided for under the existing terms of the contract or agreement);
 - (ii) a requirement to terminate, modify or dispose of, or agree to terminate, modify or dispose of, any material interest or asset of MSF or any of its subsidiaries (or any arrangements relating to such an interest or asset); or

- (iii) the acceleration of the performance of, or adverse modification of, any obligation of MSF or any of its subsidiaries under any material agreement, lease, instrument or other legal arrangement,

and, in each case, have a material adverse effect on the business, assets, financial condition, operations, reputation or prospects of the MSF group.

Key definitions used in this Annexure A (unless otherwise defined in this announcement)

Material Adverse Change means one or more occurrences or any fact, matter or circumstance (whenever occurring) that is announced or becomes known to Mitr Phol that individually, or when aggregated with all such occurrences, facts, matters or circumstances, has had or is reasonably likely to have one of the following effects:

- (a) to materially adversely affect the status or terms of any material regulatory consent that is applicable to the MSF group;
- (b) to prevent or would be likely to prevent MSF from discharging in a material respect its obligations under this agreement;
- (c) to diminish the total consolidated net assets of the MSF group (calculated on the basis of AIFRS) by A\$11 million or more;
- (d) to otherwise materially adversely affect the business, financial condition, operations, reputation or prospects of the MSF group including:
 - (i) any material default by the MSF group or any member of the MSF group under their existing financing facilities; or
 - (ii) the termination of any material contract of the MSF group,

unless that occurrence, fact, matter or circumstance:

- (e) is required to be done or procured by MSF pursuant to this agreement;
- (f) relate to changes in business conditions affecting the industry in which MSF operates, provided that the changes or disruptions do not have a materially disproportionate effect on MSF compared to other participants in the industries in which the MSF business operate; or
- (g) is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by MSF to Mitr Phol or its representatives, or is otherwise known to Mitr Phol or its representatives on or prior to the date of this agreement or otherwise disclosed in public filings by MSF with ASIC or provided to ASX on or prior to the date of this agreement.

Mitr Phol Offer means each offer to acquire MSF shares to be made by Mitr Phol to each MSF shareholder for an offer consideration of \$4.45 cash per MSF share.

Mitr Phol Offer Period means the period during which the Mitr Phol Offer is open for acceptance.