MEDIA RELEASE
Thursday 18th August 2011

MSF REMAINS ACTIVE DURING DIFFICULT 2011 SEASON

(INCLUDING ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2011)

(This media release should be read in conjunction with the Appendix 4D released today)

Overview

MSF Sugar Limited (MSF) has completed a very active six month period, including the acquisition of the former Bundaberg Sugar Ltd northern milling assets, further capital raisings to fund this acquisition and the finalisation of a new club banking facility.

MSF now owns outright four sugar mills – Maryborough, Mulgrave, South Johnstone and Tableland mills with a capacity to crush 4.7 million tonnes of sugar cane per annum. These mills and associated infrastructure have a carrying value of approximately $150 million at 30 June 2011.

After allowing for this activity, results for the half year ended 30 June 2011 disclose an increased Net Loss after Tax of $6.1 million, (up 61% from the corresponding period loss of $3.8 million). The Loss before Tax of $15.5 million was $9.7 million higher than the prior year comparable loss of $5.8 million.

Whilst MSF business is always stronger in the second half of the year due to the seasonality of its income, this first half loss was higher due to the additional operating costs incurred through the two new mills, stamp duty paid on the acquisitions, redundancy costs following the decision to close the Babinda mill, property holding costs for both this site and the Mourilyan property, additional corporate costs and higher borrowing charges.

The result for the period was buoyed by an after tax income recognition of $16.2 million for the assets acquired from Bundaberg Sugar Ltd.

MSF Sugar’s Chief Executive Officer, Mr Mike Barry, said today: “This interim result reflects a very active period for the company with a number of significant transactions undertaken and completed. The highlight was the exercising of the option in February this year to acquire the two additional mills at South Johnstone and Tableland at a time where such assets are keenly sought after by local and international sugar industry participants.

“This result has been impacted by a number of one off components following the acquisition of South Johnstone and Tableland mills in Far North Queensland. All maintenance and operating expenses have been included since 1 January 2011 under the terms of the joint venture agreement entered into with Bundaberg Sugar Ltd. We believe however these additional assets will drive and generate additional shareholder value in the years to come,” said Mr Barry.

The 2011 season is proving to be very challenging with the impact of two cyclones, abnormally high rainfall and significantly lower sunshine hours occurring during the growing period. All these factors are leading to unprecedented low crop yields, resulting in a need to revise our expected crop estimate to slightly below 3 million tonnes.

"We expect 2012 to be a more "normalised" outcome as a number of one offs are removed and planting incentives are implemented by management in conjunction with growers from the worst affected areas. Notwithstanding the difficult weather conditions we have encountered in recent times we remain confident that the company has now established a strong foundation from which to further grow the business," he said.

Other significant influences on the results for this period include:

- A doubling of the size of the company in terms of assets and employees engaged.
- Ongoing dividends from the group's investment in Sugar Terminals Limited.
- Higher start up costs for the 2011 crush due to lack of availability of fuel (cane fibre) sources.
- The need to reopen the group's hedging position as part of the entry into the NMJV on 1 January 2011.
- Significant gain for the cane farming sector due to the increase in value of biological assets.

In addition to these financial results the company changed its name from The Maryborough Sugar Factory Limited and relocated its registered office to Gordonvale in Far North Queensland to reflect the majority of its operating assets are now held in this region.

Financial Results

	2011 $'000	2010 $'000	Change %
Revenue	45,568	43,639	4
EBITDA	(11,812)	(3,798)	(211)
EBIT	(12,714)	(4,585)	(177)
Finance costs	(2,804)	(1,248)	(125)
Loss before tax	(15,518)	(5,833)	(166)
Loss after tax	(6,148)	(3,814)	(61)
Net cash flow (outflow) from operating activities	(31,359)	9,111	(444)
Gross assets	289,711	249,996	16
Liabilities	125,741	102,258	23
Net debt	78,960	15,642	405
NTA per share	2.32	2.35	(1)
NTA per share (ex Derivative Financial Instruments net of tax)	2.61	2.68	(3)

Dividend and Dividend Reinvestment Plan

The Directors have determined not to declare a dividend for this period.

The DRP will therefore not apply for this period.

Summary of business activities undertaken during period ended 30 June 2011

Sugar Milling

The 2010 season reflected a difficult growing season throughout Queensland. Due to unseasonal wet weather at the end of the harvesting season not all cane was able to be harvested and a substantial amount of standover cane has been carried forward to the 2011 season.

30 June 2011 2010 Season		30 June 2010 2009 Season	
Tonnes		Tonnes	
Cane	Sugar	Cane	Sugar
1,691,500	212,024	1,766,172	257,736

Cane Growing

This sector was also influenced by poor weather conditions and substantial stand over cane from the 2010 season. Improving yields and sugar cane production from company-owned farms remains a matter of strong focus for the company to benefit from scale opportunities and integration. Productivity has improved due to ongoing investment strategies.

Investment in Sugar Terminals Limited (STL)

The company at balance date holds 13.34% of the issued capital in STL – comprising 34,663,001 “G” Class shares and 13,346076 “M” Class shares.

This investment paid ordinary dividends of $1.4 million in the current period.

Subsequent to the period end, MSF has entered into a Share Sale and Purchase Agreement with Bundaberg Sugar Ltd. This agreement, subject to satisfaction of certain conditions by MSF, provides the opportunity to acquire a further 15,328,437 STL “M” class shares.

Land Portfolio

MSF has a land portfolio valued at approximately $75 million, currently our second largest asset class. This valuation is supported by an external valuer’s land valuations undertaken for the December 2010 annual accounts and recent acquisitions, the strong global outlook for ongoing demand for sugar and recent land sales in the Maryborough region. The company continues to progress its strategy of monetising the land and water rights held in the Maryborough region.

The company continues with plans to develop Mary Harbour, a residential complex on a 174ha property with Mary River frontage. The process of obtaining the necessary statutory approvals to support the development application is continuing at both Local and State Government level, with an outcome expected in late 2011. The company incurred $21,710 (2010: $534,313) during the financial period relating to this development. All costs to date are being expensed in line with accounting standards and its value is being carried at its historical usage as cane land.

Other matters

Sugar Marketing and Pricing

Sugar prices have continued to strengthen on the back of stronger global fundamentals.

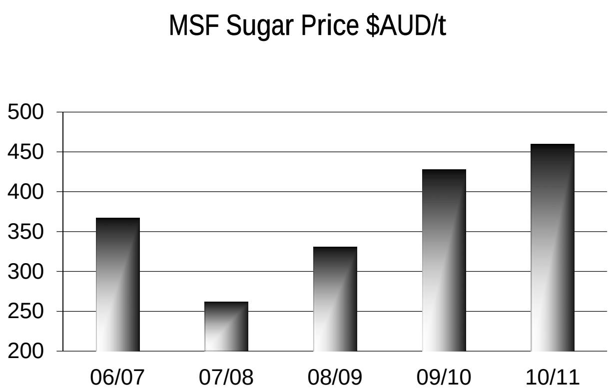
Sugar produced at Maryborough is now being sold into the international market based on the successful model adopted from Mulgrave. Mulgrave's sugar production is exported directly to various customers in Asia and elsewhere.

Sugar produced at the South Johnstone and Tableland Mills is being marketed by Queensland Sugar Ltd. This arrangement will cease at the end of the 2013 season and MSF will then market this sugar directly.

Our approach to market risk is comprehensive and relies on a framework of clearly defined policies, strategies, procedures and limits. This framework is supported by management information systems designed to monitor, measure and report risk exposure compliance.

Continued favourable global fundamentals, combined with solid demand in the Asian region (where most of MSF's sugar is sold) is reflected in strong sugar futures contract prices.

Varying levels of pricing have been completed as far out as the 2013 season. Marked-to-market against available futures contracts, our indicative seasonal pricing is relatively strong as demonstrated by the following graphs:



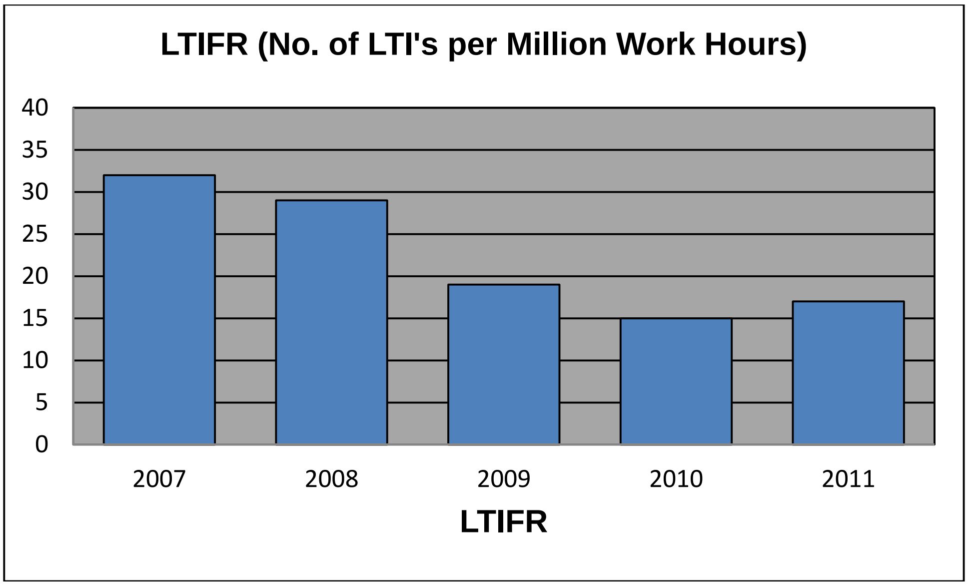
The following table summarises the current status of the MSF pricing position for corporate sugar exposure.

Season	Percent Priced	Mark to Market $ per tonne IPS	Current $ per tonne IPS
2011	81%	$480	$550
2012	28%	$505	$507
2013	5%	$498	$498
2014	-	-	$464

Note: IPS is International Pol Scale (standard quality sugar). AS a guide the No 11 equivalent sugar price is approximately $15/t higher than the IPS price.

Safety Performance

We continue to invest significant resources in safety training as well as improving our work environment through an ongoing program of upgrades to factory floors, lighting, guarding, plant access and safety equipment.



Improved safety awareness has been reflected in our lost time injury frequency rate (LTIFR) in recent years. Our LTIFR for 2011 includes South Johnstone and Tableland for the first time and has led to the increase shown in the graph. These mills will be further integrated into our safety systems and practices moving forward and improvements are expected as a result.

Outlook

Season 2011 crop estimates have been lowered for the South Johnstone and Mulgrave mills following evidence that the impact of Cyclone Yasi and subsequent poor weather has had a greater impact then first estimated.

These mills are now expected to crush 715,000 tonnes of cane (previously 933,000 tonnes) and 830,000 tonnes (previously 956,000 tonnes), respectively.

Tableland Mill has held its estimate at 680,000 tonnes and Maryborough Mill has secured 20,000 tonnes of cane from the Sunshine Coast, taking its expected crush to 670,000 tonnes.

After allowing for these individual mill adjustments, the company as a whole now expects to crush 2,895,000 tonnes (previously 3,219,000 tonnes) to produce 385,505 tonnes IPS of sugar from the 2011 crushing season.

After allowing for this loss of production, the company now expects the following outcome for the full financial year ended 31 December 2011:

Crop Expected to be Crushed	2.895 million tonnes
Sugar Price	$480 per IPS
Normalised EBITDA	$7 to $11 million

On this basis, MSF expects the financial results for the year ended 31 December 2011 for normalised EBITDA in the range of $7 to $11 million (excluding the non- recurring income item of $16.2 million for the discount on acquisition of assets and $8 million of non –recurring expenses relating to stamp duty and acquisition related transaction costs together with other restructuring costs).

Further information:

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