



**THE MARYBOROUGH
SUGAR FACTORY LIMITED**

**Announcement of Results for
the period ended December
2010**

28 FEBRUARY 2011



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SECTION 1: Six month period ending December 2010 Financial Results



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Overview...Positive Result Despite Unfavourable Weather

Positive underlying profit performance in difficult operating conditions

Improved sugar market

Successful equity raising

The continuation of our milling consolidation strategy

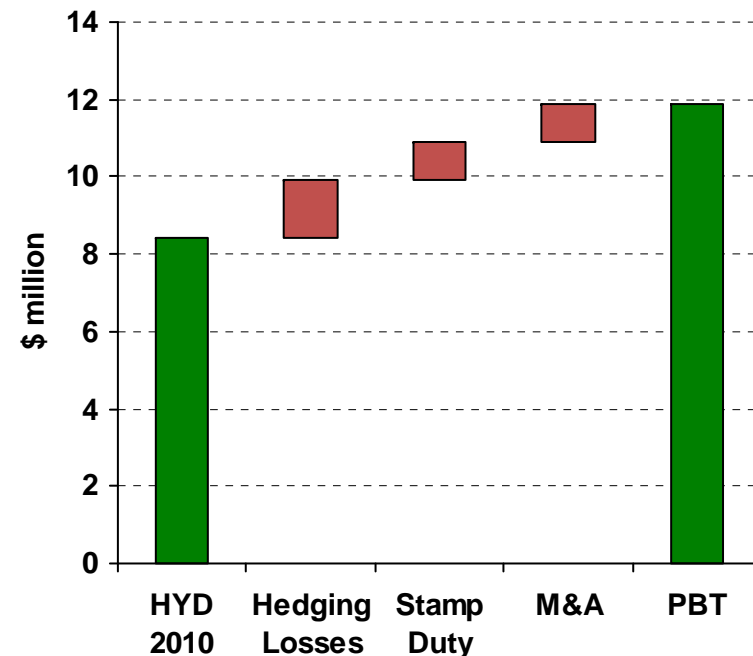
- NPAT at \$6.8 million;
- Fully franked dividend of 2.5 cents per share
- Lower production due to very wet harvest period
- Average sugar price achieved of \$456 per tonne; 7% higher than previous year
- 3rd year of global sugar shortage pushed prices higher to reach 30 year highs
- Successful equity raising in December 2010
- Post balance date shareholders agreed to further equity raising
- Total new equity raised net \$46.4million
- Joint Venture agreement reached with Bundaberg Sugar
- Post balance date : Joint Venture successfully commenced 1st January 2011
- Post balance date: MSF has exercised the call option over Bundaberg Sugar's share of the NMJV
- Post balance date : Announced closure of Babinda Mill



Solid underlying profit before tax result of \$8.4 million...in very difficult harvesting conditions

- Solid profit result due to:
 - Higher hedged sugar prices (increased from \$427 to \$456 per tonne IPS)offset by
 - Lower sugar production (down 17.7% or 45,712 tonnes) due to lower sugar content and unharvested cane
 - \$1.5m hedging losses due to lower sugar production
- Following are the non-recurring items in this period:
 - Negative impact from one-off costs in the short term
 - \$1.0m stamp duty incurred in obtaining the NMJV option
 - \$1.0m of costs relating to M&A activities

Half Year Dec Profit before Tax



The results...comparative period

	HY Dec 2010 \$'000	HY Dec 2009 \$'000	Change %
Revenue	94,616	116,168	(19)
EBITDA	12,768	18,405	(31)
EBIT	10,482	16,253	(36)
Finance Costs	(2,075)	(1,715)	(21)
Profit before tax	8,407	14,538	(42)
Profit after tax	6,785	10,829	(37)
Net cash flow from operating activities	(4,230)	13,259	(132)
Gross Assets	249,996	240,683	4
Gross Liabilities	(102,258)	(123,395)	(17)
Net Debt	(15,642)	(16,440)	(5)

NTA per share	\$2.35	\$2.14	10
NTA (ex cash flow hedge reserve) per share	\$2.68	\$2.63	2

Balance sheet...strong growth in net assets

- Capital raising generated net \$24.2 million
- Post balance date a further net \$22.7 million was raised in a placement and SPP

Assets	Dec 2010 \$'000	Dec 2009 \$'000
Cash	24,314	31,299
Sugar and Molasses inventory	27,622	38,031
Derivative financial instruments	13,286	6,246
Other current assets	28,286	7,923
STL shares	37,803	36,388
Cane Farms	61,480	59,242
Mills and other PP&E	52,337	53,834
Other non-current assets	4,868	7,720
Total Assets	249,996	240,683

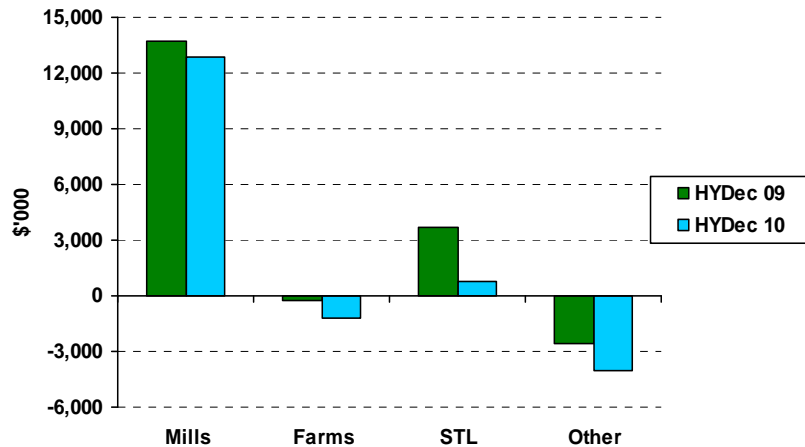
Liabilities	Dec 2010 \$'000	Dec 2009 \$'000
Trade payables	28,737	31,185
Derivative financial instruments	28,524	41,961
Working capital debt	-	5,706
Other current liabilities	2,173	2,137
Term debt	39,956	42,132
Other non-current liabilities	2,868	273
Total Liabilities	102,258	123,394

Net Assets	147,738	117,289
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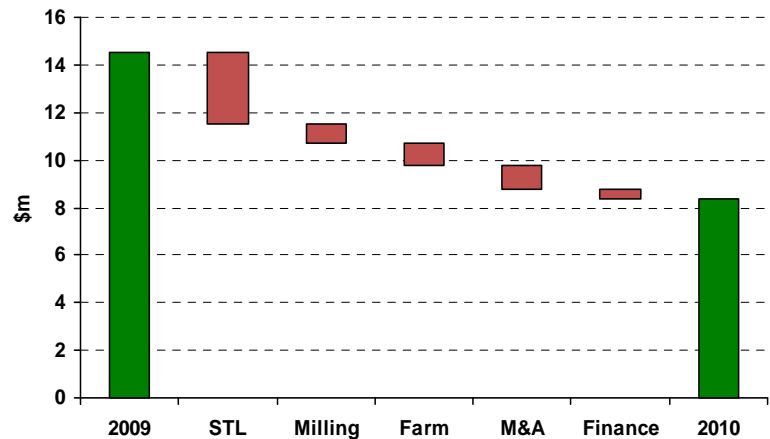


Mills continue to drive our company EBIT performance

HY EBIT COMPARISON



HY NPAT COMPARISON



- Profitability in the Mills driven by higher prices but negatively impacted by lower cane and sugar production
- Farms generated a EBIT loss as unable to harvest all the cane due to wet weather (56,000 tonnes of cane stood-over to be harvested in 2011)
- STL dividend \$3 million lower as no special one-off dividend (as in 2009/10 after the sale of Brisbane BST)
- Corporate costs \$1 million higher associated with the creation of the NMJV and the strategic investor process (this increase is a one off)



Sugar Milling...lower throughput due to very wet harvest season

	2010			2009		
	Tonnes			Tonnes		
	Cane	Sugar	CCS	Cane	Sugar	CCS
Maryborough	575,160	75,009	13.20	687,468	97,055	14.05
Mulgrave	1,116,340	137,015	11.79	1,078,704	160,681	14.35
MSF Group Total	1,691,500	212,024		1,766,172	257,736	

Performance of Mulgrave Mill

- Difficult harvesting conditions resulted in longer than normal season and significantly lower sugar content (CCS) in the cane. 23 days lost to wet weather (normally 8 days)
- Technical performance continues to be very good

Performance of Maryborough Mill

- Very difficult harvesting conditions, resulting in long season length and lower sugar content in the cane
- Unable to harvest all of the cane, due to wet weather (51 days lost to wet weather, normally 20 days), leaving approximately 130,000 tonnes (56,000 tonnes of MSF farm cane and 74,000 tonnes of independent farmers cane) of stand-over cane



Cane Growing...lower production due to very wet harvest conditions in Maryborough

MSF Qld Farms	2010 Tonnes	2009 Tonnes
Company Managed	133,364	136,680
Tenanted	39,025	76,081
Total Company	172,389	212,761

- Very wet harvesting period
 - Approximately 56,000 tonnes of MSF farm cane was unable to be harvested
 - This cane was left to stand-over and will be harvested in 2011
 - If this cane had been harvested the total would have been 228,000 tonnes, a 7% increase over 2009
- Some of the 2009 tenanted farms are now company managed
- Currently negative EBIT due to the high costs associated with the expansion, productivity drive and stand-over cane



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

- STL is a listed company on the NSX with restrictions on share ownership
 - G class shares can only be owned by a grower and M class shares only by a miller
- Long term fixed price lease with Queensland Sugar Limited

	Number of Shares	Relative shareholding
G Class	34,663,001	15.1%
M Class	13,346,076	10.2%
Total	48,009,077	13.3%

- Purchased a further parcel of shares during the reporting period
- A fully franked dividend of \$1.3 million received during the reporting period
- Significant reduction in dividend received as only received standard dividend as compared to special dividend in prior corresponding reporting period (following the sale of Brisbane Sugar Terminal)
- Provides an attractive investment income whilst retaining a strategic stake in an important sugar infrastructure asset



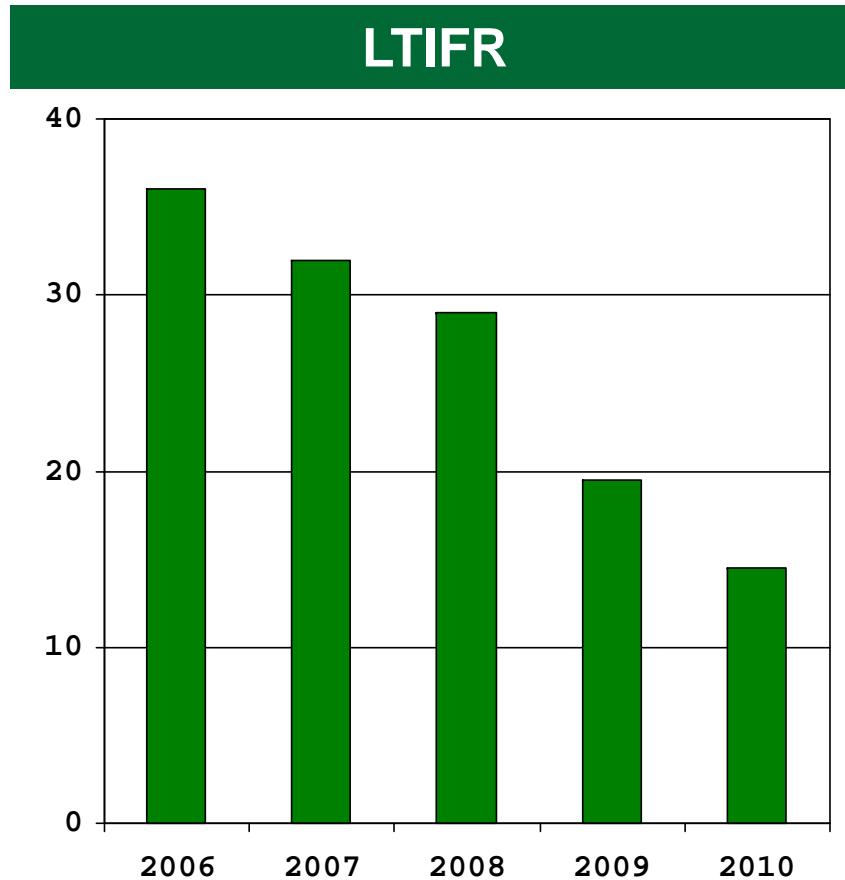
Land Portfolio...focused on unlocking value



- The MSF cane land and farm plant and equipment book value is \$61.5 million (valued at current use)
- Current holding is 5,808 ha with 7,650 ML of water allocation
- We are now actively assessing opportunities to unlock the value of the land without impacting on cane supply to Maryborough Mill
- Mary Harbour residential project is continuing the process to obtain necessary statutory approvals to obtain development applications. Outcome expected in late 2011



Safety and Environment...improving performance in safety



- Increased attention to safety performance
- Ongoing investment in safety training and improvement of the work environment
- Lost time injury frequency rate (LTIFR) has improved
- No reported environmental issues
- MSF will be an active participant in alternative green energy solutions
- The inclusion of South Johnstone and Tableland Mills will increase the quantity of electricity which MSF will export into the power grid





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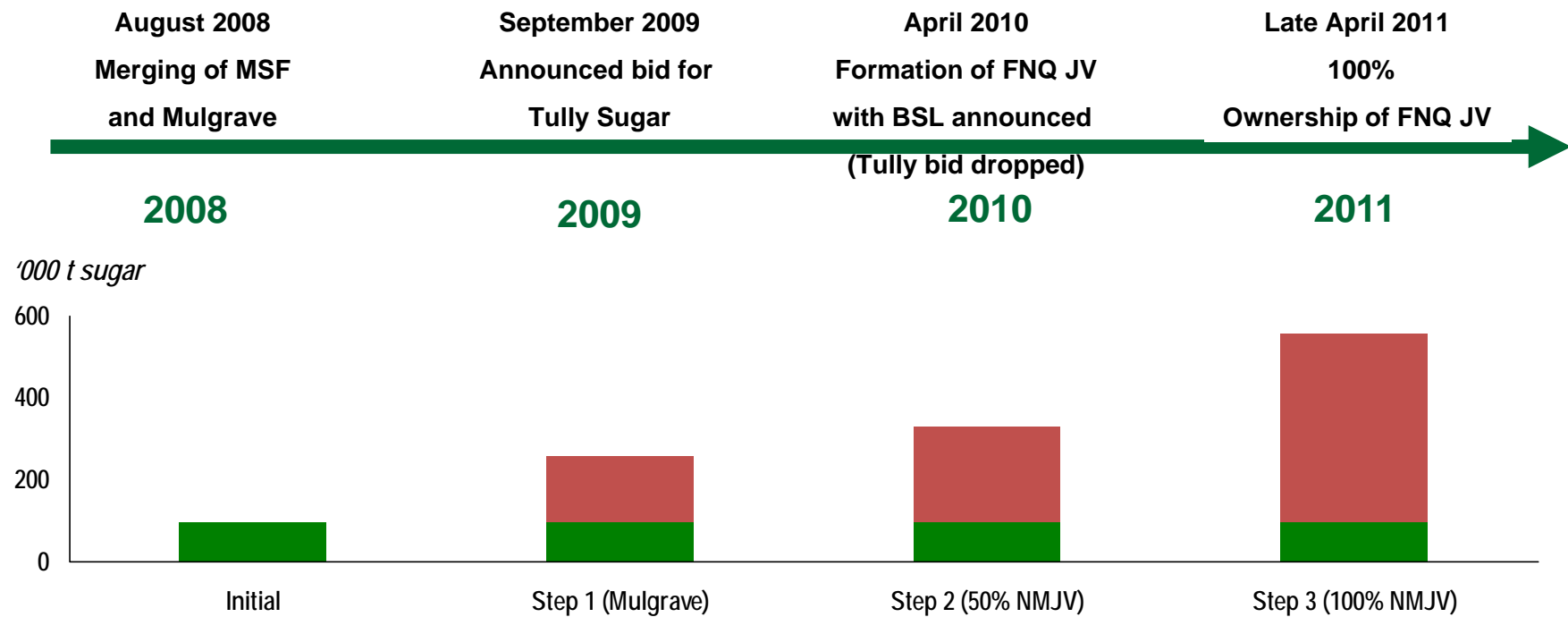
SECTION 2: Future business growth



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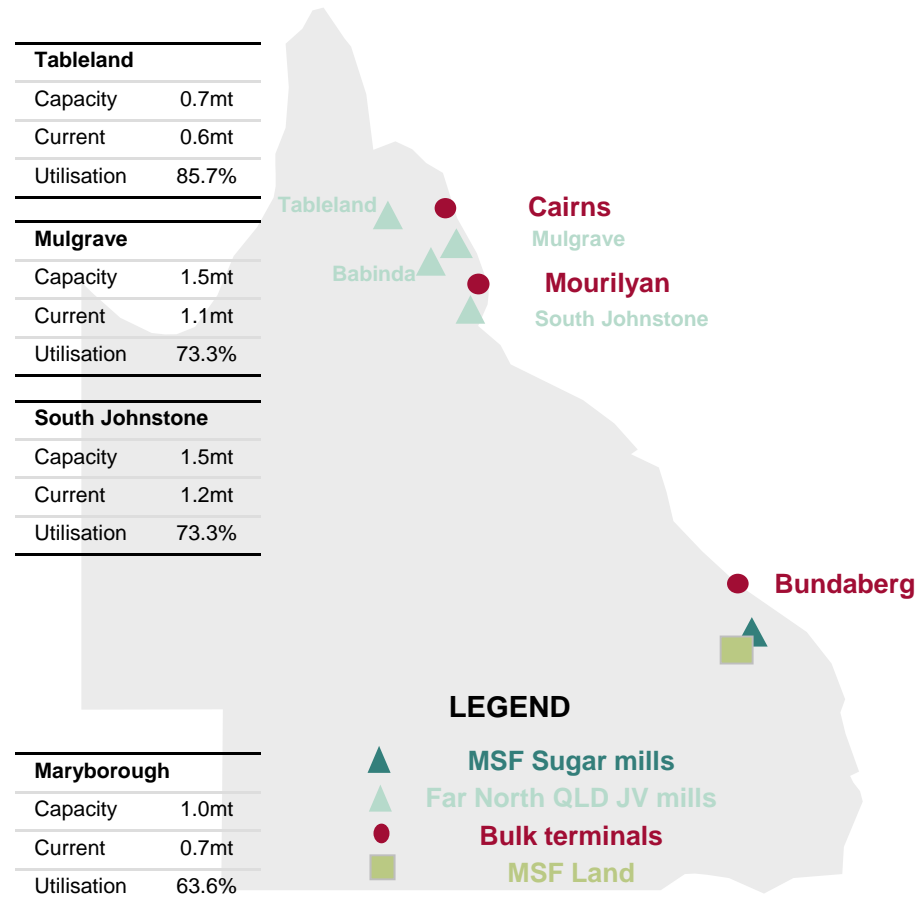
Consolidating the Australian sugar industry....

MSF has been leading the recent consolidation of the Australian sugar industry



Overview of Operations for 2011....Exercised the NMJV call option

- The NMJV commenced on 1 January 2011
- NMJV assets include Mulgrave Mill (MSF) and Babinda, Tableland and South Johnstone Mills (BSL)
- The NMJV announced the proposal to close Babinda mill in February 2011. Consultation with employees has concluded and the Babinda Mill has ceased operations
- **MSF has exercised the option to acquire remaining 50% interest in the NMJV**
- The transaction is expected to be completed before the end of April 2011
- NMJV financials to be fully consolidated within MSF from 1 January 2011
- Normalised EBITDA forecast in the range \$27 to \$33 million for YED11. The lower crop after Cyclone Yasi will be offset by higher sugar prices



Balance sheet...Post exercising the NMJV option

Assets	Dec 2010 \$'000	Post exercise \$'000
Cash	24,314	31,121
Sugar and Molasses inventory	27,622	27,622
Derivative financial instruments	13,286	13,286
Other current assets	28,286	8,286
STL shares	37,803	37,803
Cane Farms	61,480	61,480
Mills and other PP&E	52,337	122,337
Other non-current assets	4,868	4,868
Total Assets	249,996	306,803

Liabilities	Dec 2010 \$'000	Post exercise \$'000
Trade payables	28,737	28,737
Derivative financial instruments	28,524	28,524
Other current liabilities	2,173	2,173
Term debt	39,956	75,000
Other non-current liabilities	2,868	2,869
Total Liabilities	102,258	137,303

Net Assets	147,738	169,500
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SECTION 3: Weather impact on MSF

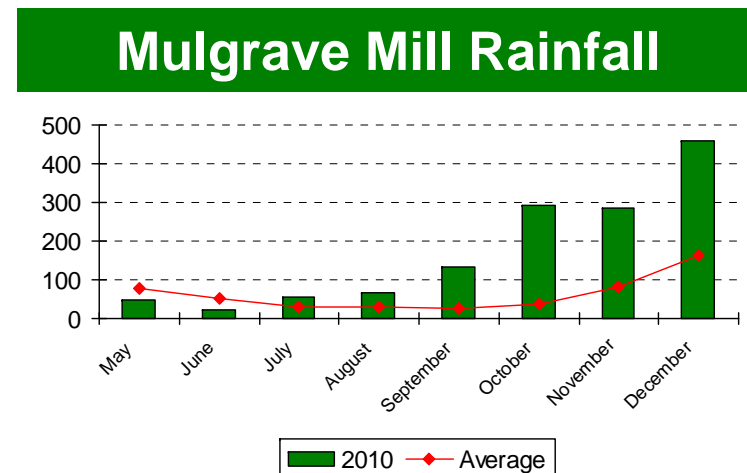
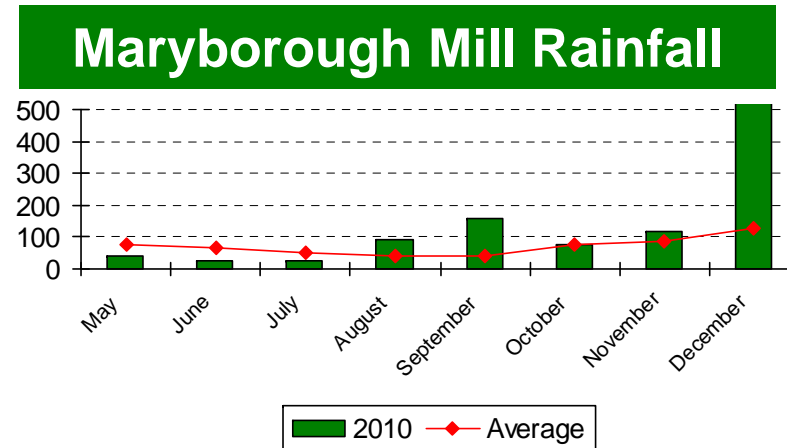


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2010 Season....Difficult harvest at both mills – due to wet weather

Maryborough Mill

- Crushing commenced 12 July 2010
- 51 days lost to wet weather (normally 20 days).
The rainfall was spread throughout the season which made operations very stop/start
- Mill closed to cane in late December 2010
- 130,000 tonnes of cane left to stand-over. This cane will be crushed in 2011



Impact of Cyclone Yasi...some cane and equipment damage

- Cyclone Yasi crossed the Queensland coast about 50kms south of South Johnstone Mill, at around Tully Heads on 2 February 2011
- Our estimate of total cane damage in our Northern Milling region is in the range 5% to 10% of cane
- The final impact will depend on growing conditions between February and May 2011. Conditions have been encouraging since Cyclone Yasi





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SECTION 4: Current Raw Sugar Hedging



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MSF's current raw sugar price hedge position

- Hedging levels will be increased upon the NMJV acquisition being completed—aim is to protect revenue
- Some of the hedge position has upside participation if the raw sugar price increases above current levels
- Current sugar market fundamentals are supportive of sugar prices in the medium term

MSF current hedge position

\$ per tonne IPS	YED10	YED11	YED12
Marked to market Price	\$456	\$490	\$472
% Hedged after exercise NMJV option	100%	40%	2%
Current Average Sugar Price		\$532	\$473

Note : IPS is International PoI Scale (standard quality sugar). As a guide the No11 equivalent sugar price is approximately \$15/t higher than the IPS price





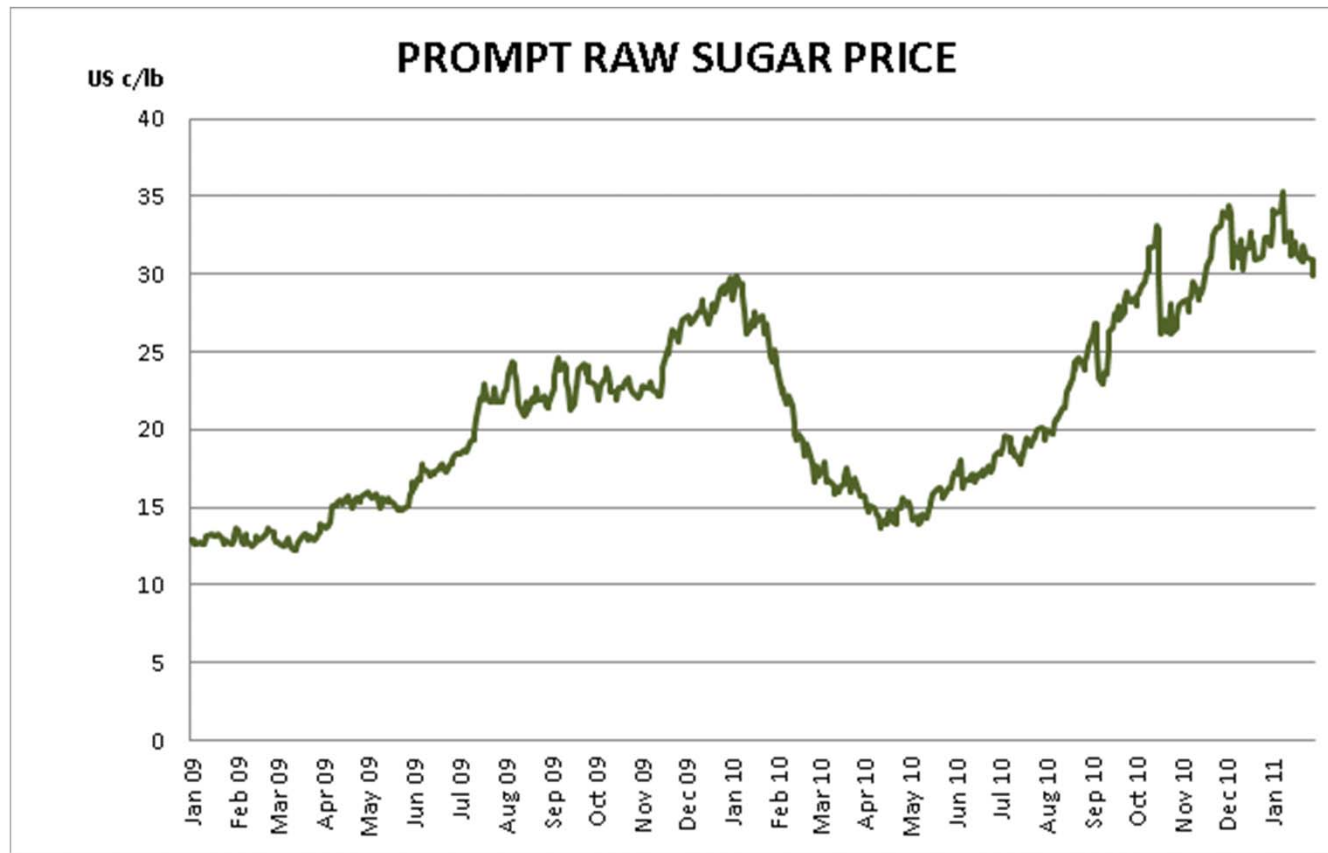
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SECTION 5: Raw Sugar Market

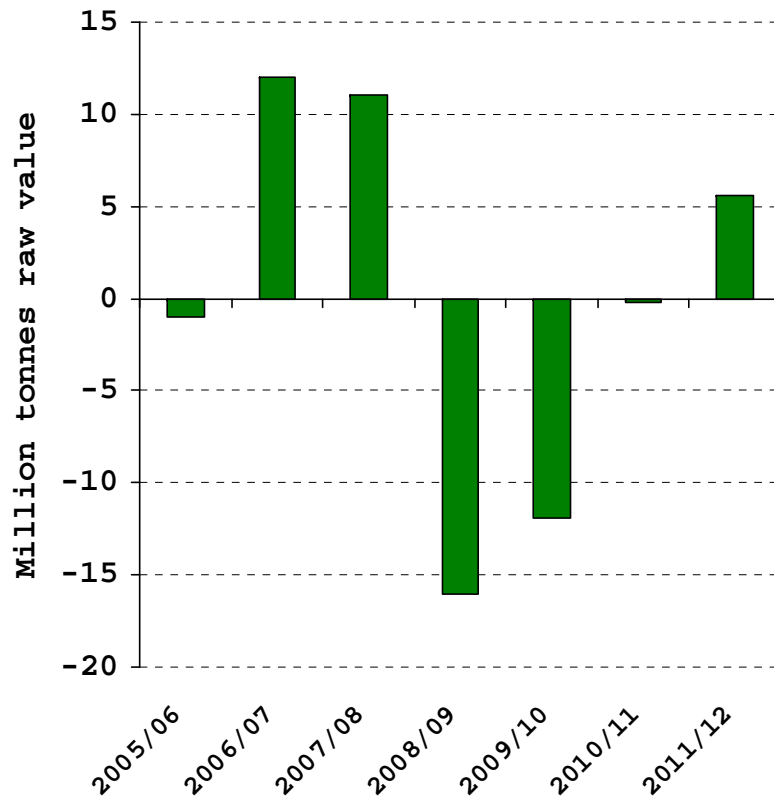


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ICE No11 prices...very strong rally in prices



Current high sugar prices driven by sugar shortage..... in Asia

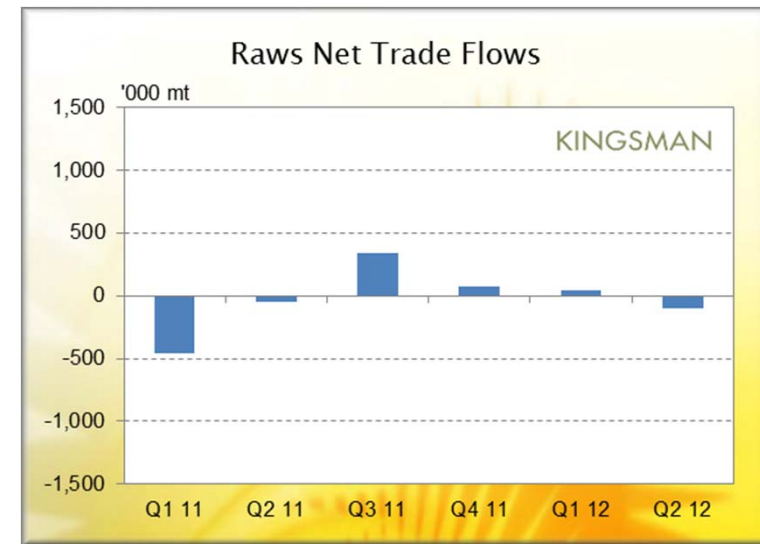
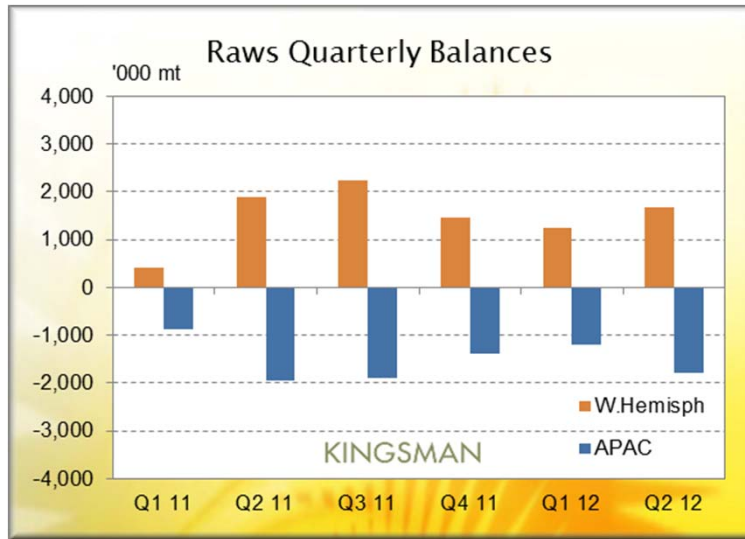


- Three consecutive years of production shortage - combination of La Nina weather pattern and lack of production expansion
- Forecast small global surplus for the upcoming year
- Recovery in production is expected in many countries ,....but small surplus based on assumption of normal weather patterns
- However production expansion in Brazil has slowed, with production increase due to more cane diverted to sugar production instead of ethanol
- However stocks of sugar very low - buyers delay purchases due to high prices
- Market price is expected to be volatile and susceptible to production shock



Source: Kingsman

Forecast raw sugar trade flows for the next 18 months...very tightly balanced



- Raw sugar world balance continues to be very tight
- The flows are based on assumed normal weather patterns over the next 12 months
- Medium and long term sugar prices are expected to be driven by Brazil. Market observers claim that Brazil needs long term prices in the range 22 to 25 c/lb to encourage the construction of new sugar mills.
- In the short/medium term, Brazilian producers are expected to invest in existing mills to incrementally increase sugar production capacity at the expense of ethanol





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SECTION 6: Australian Sugar Industry Corporate activity



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Corporate activity in the Australian Sugar Industry...high level after years of inactivity

Wilmar

- Purchased Sucrogen (CSR Sugar)
- Headline purchase price of \$1.75 billion
- Final regulatory approval given in December 2010
- Wilmar also purchased Jawamanis Refinery in Indonesia

Tully

- Bunge made a bid for Tully Sugar
- Offer was at \$41 per share, valuing the company at \$126 million
- Needed to change constitution but failed (72% for proposal but needed 75%)
- QSL, with 13% shareholding, and Mackay Sugar, with 3%, voted against the proposal

Mackay Sugar

- Announced desire to amalgamate grower owned sugar mills into a single entity
- Independent valuation of companies to determine shareholding in the new entity
- Process to occur over the next 12 months
- Purchased 3% of Tully Sugar

MSF

- Mitr Phol purchased 19.9% of MSF from GPG in Oct 2010

Queensland Sugar

- Purchased 13% of Tully Sugar in Dec 2009

NSW Sugar

- It is reported that NSW Sugar has been approached by overseas investors





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