

ANNUAL GENERAL MEETING

OPERATIONAL REVIEW AND EARNINGS
GUIDANCE UPDATE

20 May 2011

Mike Barry CEO

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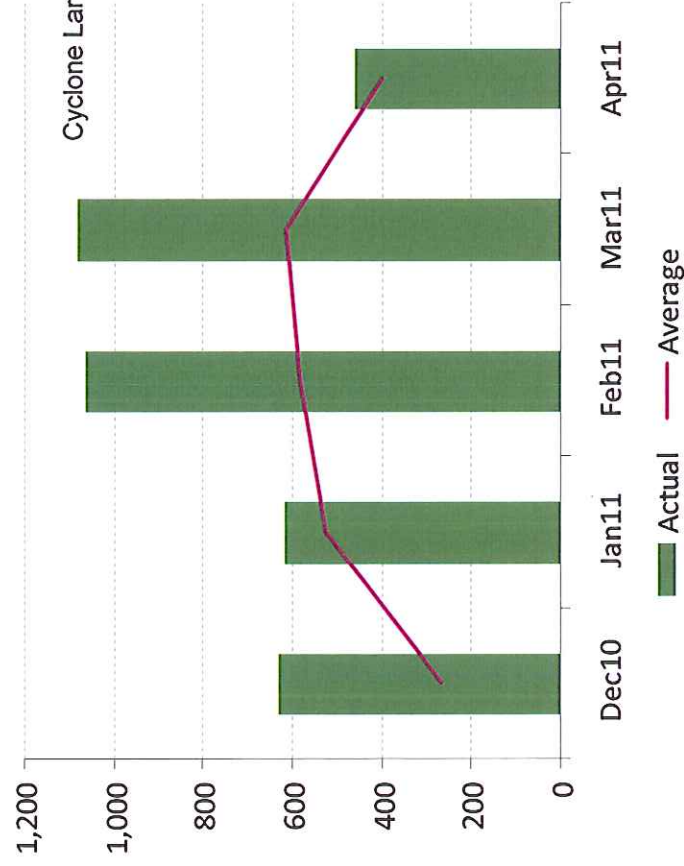
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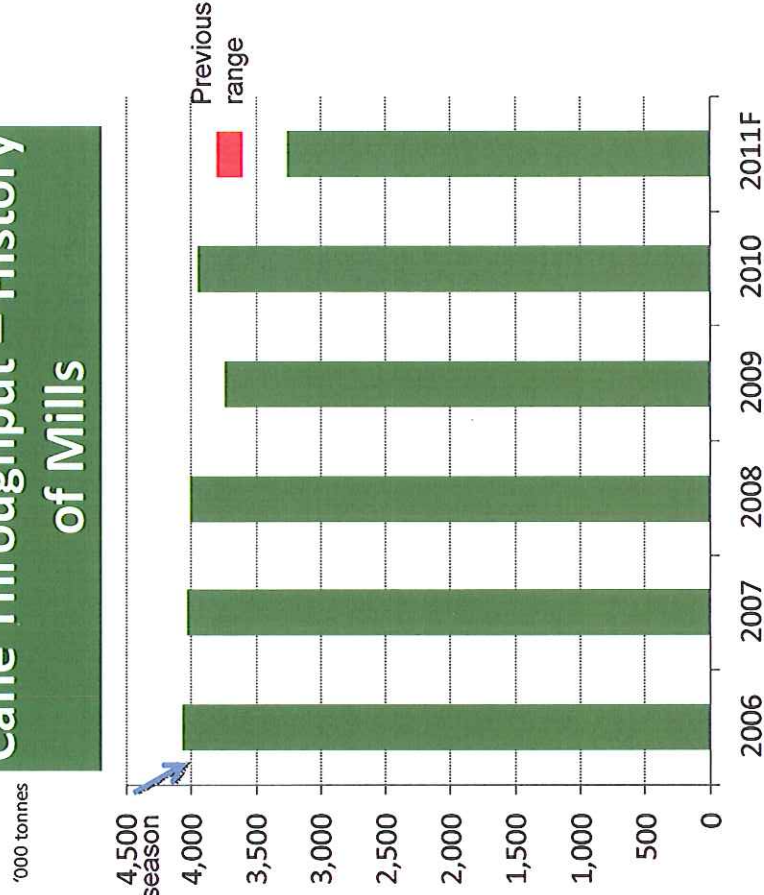
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Production has been impacted by poor weather at end of 2010 Season...Cyclone Yasi followed by very wet growing conditions...wet weather impacted on cane growth

Rainfall at South Johnstone



Cane Throughput – History of Mills



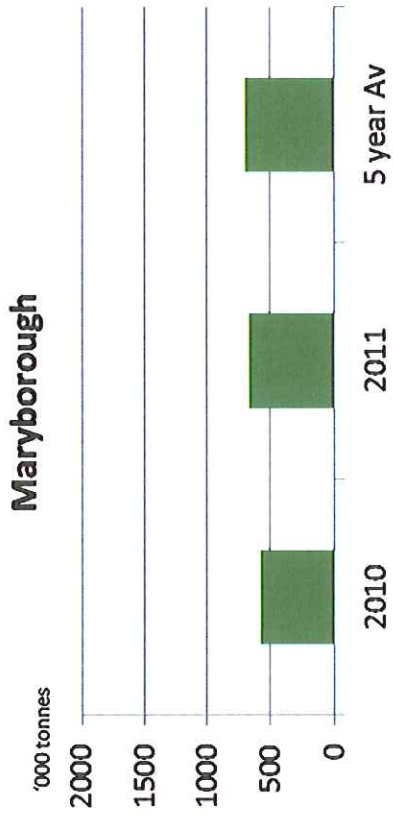
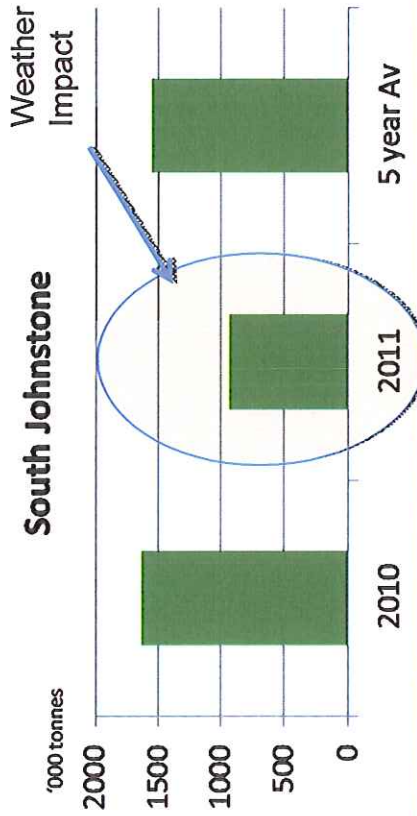
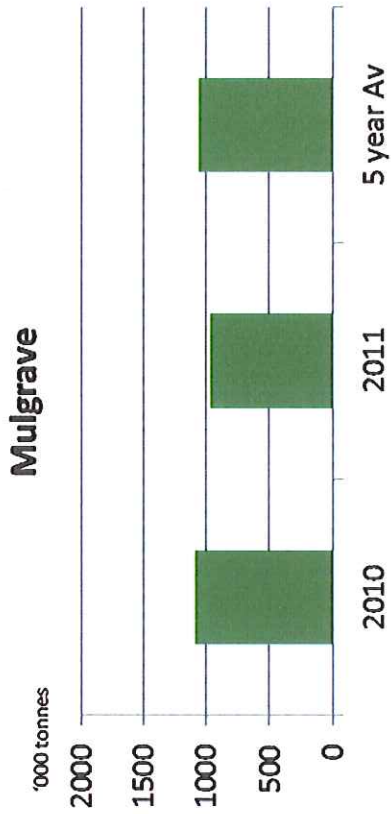
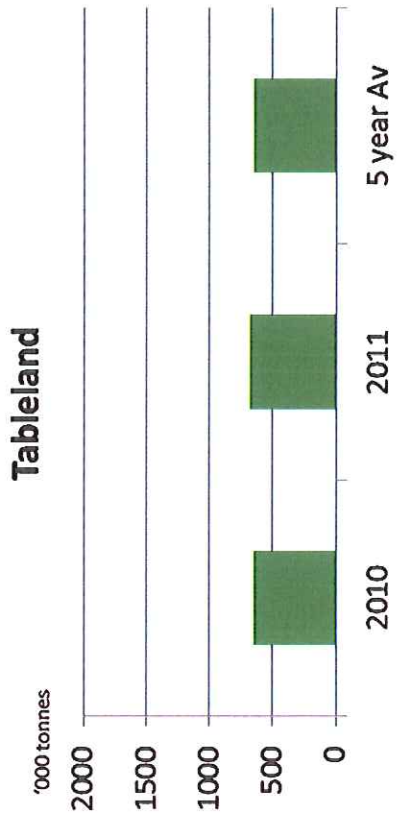
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2006 had Cyclone Larry, have removed area lost to Tully Mill

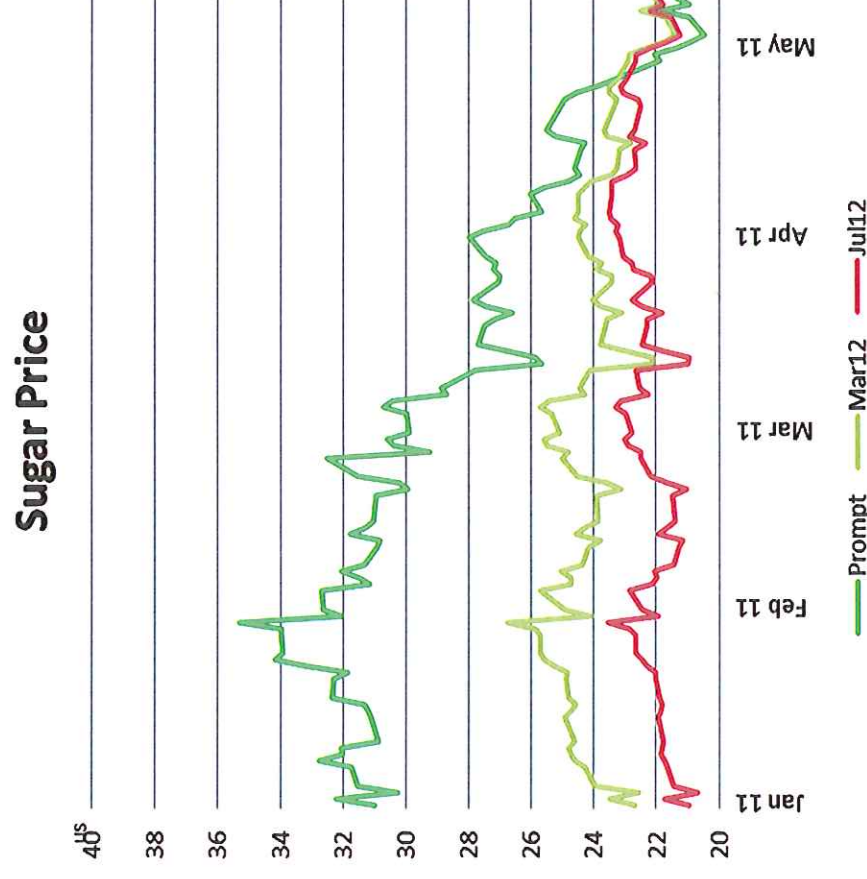
Source : BOM

Weather impact significant in the South Johnstone Mill region...focused on recovery for 2012



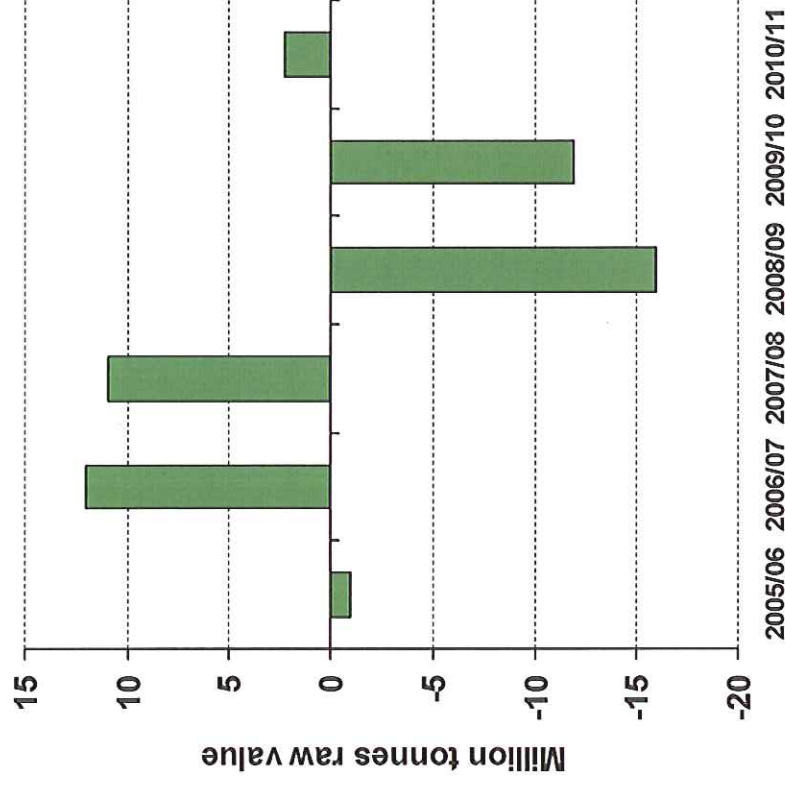
Sugar price has fallen from the highs...however it has been focused on the prompt position

- The prompt sugar price has fallen from 35 c/lb to 22 c/lb since the beginning of the year...however the forward contracts have not been impacted to the same amount
- Price fall primarily due to improved production in Thailand:
- Thailand has produced an additional 2 million tonnes of sugar, removing the supply deficit in the prompt position
- However, the long term cost of production story still remains with forward sugar prices holding values, with current prices around, or below, Brazil cost of expansion



2010/11 surplus now a small surplus with surplus predicted for 2011/12.....but downside production risk in Brazil

- Shortages of sugar still in many countries
- Long tail in Thai crop moved supply situation from small deficit to small surplus
- A number of analysts are forecasting surpluses <>5 million tonnes for 2011/12
- The surplus is based on good weather conditions in all major producing countries
- The current fall in prices is allowing some re-stocking to occur in importing countries



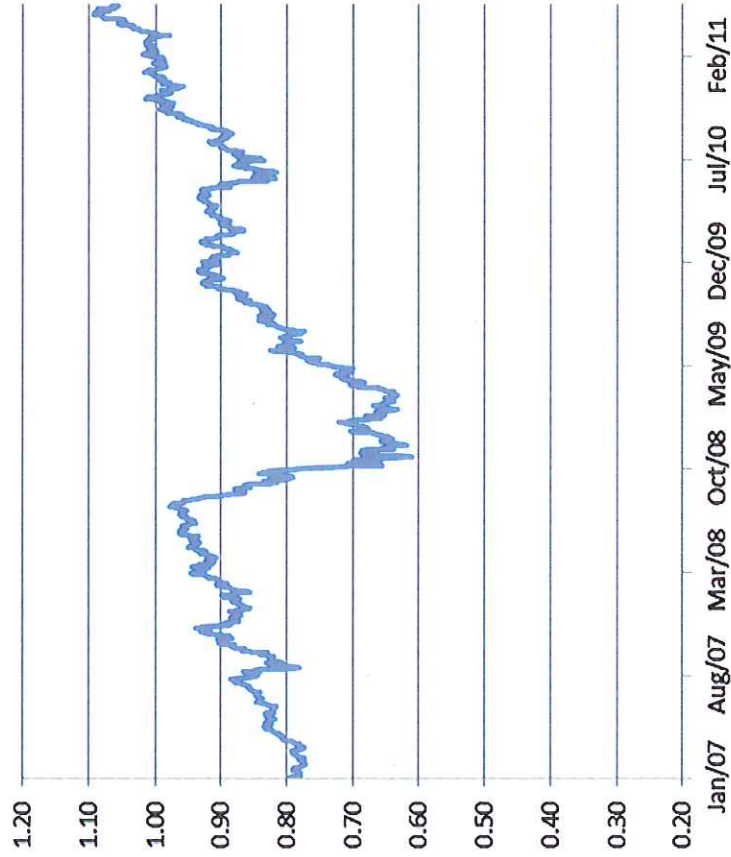
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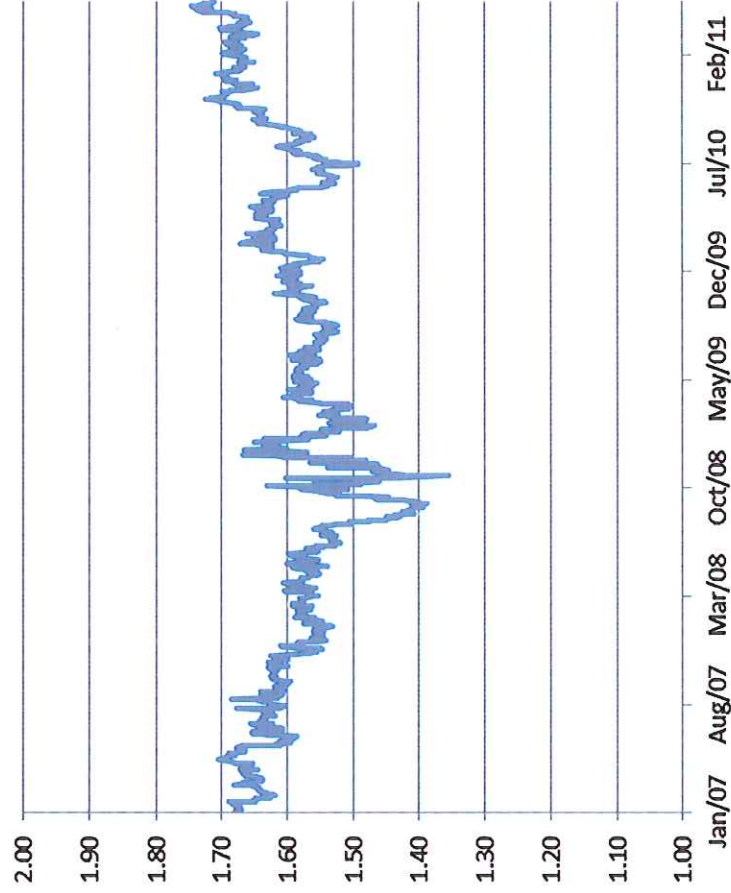
Source: Kingsman

The AUD has appreciated against the USD, however our competitive position against Brazil has only weakened marginally

AUD/USD



Brazil Real/AUD



Profit guidance ... impacted by wet weather in South Johnstone region

- Detailed grower estimates within the last week have indicated a worst than expected cane crop, primarily in the South Johnstone/Babinda region
- EBITDA guidance has been negatively impacted by negative crop impact of very wet weather since cyclone Yasi
- Sugar price forecasts are based on the current sugar futures market and MSF's current pricing achieved
- EBITDA sensitivities for YED11

Yasi

- \$10 per tonne movement in the average sugar price achieved will have an approximate \$0.75 million EBITDA impact
- 0.1 million tonne movement in the crop will have an approximate \$1.8 million EBITDA impact

	YED11
Crop expected to be crushed	3.2 m tonnes
Sugar Price ¹	\$480 per t IPS ²
EBITDA (normalised) ³	\$18 to 22 million

Note:

1. Average of current hedge book and unhedged production at forecast prices
2. International PoI Scale (standardised quality sugar)
3. Excluding non-recurring items of \$8 million relating to stamp duty and acquisition related transaction costs together with other restructuring costs

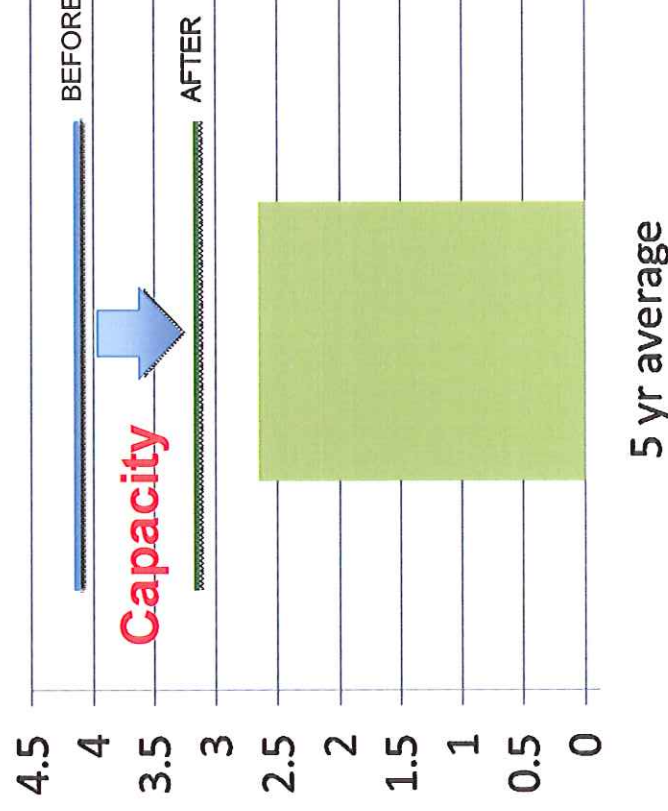
Integration of the Northern Milling Assets is progressing on schedule

- The purchase of the 50% share of the NMJV was completed on 27th April 2011
- Management team has been restructured
- Babinda Mill was closed in February 2011
- Key administrative functions such as payroll, purchasing and accounting have already been successfully migrated onto MSF systems
- Integration capital projects, largely around logistics are either complete, or substantially complete and on track for the commencement of the 2011 crushing season
- Communication process has commenced with both employees and cane suppliers

Closure of Babinda Mill...difficult decision but needed to improve mill utilisation in FNQ

- Babinda Mill was closed in February 2011
- Decision made due to insufficient area of cane in the South Johnstone and Babinda regions.
- Excess capacity at Mulgrave and South Johnstone will be used to crush the cane which was traditionally crushed at Babinda Mill. Even with the closure of Babinda Mill.
- Capital projects at Mulgrave Mill, South Johnstone Mill and cane railway to allow for smooth transition after the closure of the mill. Projects either complete or will be before start of 2011 season crushing.

Cane Crushed at FNQ Coastal Mills



2011 Capital projects

- Major projects at the northern mills include:

Mulgrave

- Mulgrave Mill Tippler Upgrade
- Steam and Water Efficiency Upgrade
- Process Efficiency Upgrade
- Boiler Refurbishment
- Syrup Receiving Facility
- Cane Rail Upgrades
- Cane Transport Communication and GPS Tracking Upgrade

Photo: Mulgrave Mill Tippler



South Johnstone

- Cane Rail empty yard upgrade
- Process Efficiency Upgrade
- Cane Transport Communication

Tableland

- Boiler Refurbishment

Future of the Babinda Mill site...signed MOU with Cairns City Council to redevelop the site

- Environmental audits underway to determine remediation needs
- Demolition and site rehabilitation could take up to 2 years
- MSF is working with both the Cairns City Council and the local community to determine the best long term uses for the site

Photo: Babinda Mill Site



Manage to minimise impact for 2011, set up to recover for 2012

- 2011 will be a difficult year financially and operationally in Far North Queensland. Lower crop, primarily in the South Johnstone region will negatively impact capacity utilisation
- Focus will be to control costs and on recovery of cane yields for 2012
- Increasing cane supply to the mills will be achieved for 2012 and beyond by:
 - Providing short term support to growers in Cyclone Yasi affected growing regions in order to stimulate replanting and improve yields on the existing area under cane.
 - Target replanting land which previously grew cane. This includes the failed Management Investment tree land, banana land and other underutilised farm land.
- Continued focus on improving mill efficiencies and reliability

QUESTIONS

Are there any questions?




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