

# The Maryborough Sugar Factory Limited

ABN 11 009 658 708

## Appendix 4E Preliminary Final Report – Period Ended 31 December 2010

Lodged with the ASX under Listing Rule 4.3A

The Company has amended its financial year end from 30 June to 31 December. This preliminary report presents the results for the period ended 31 December 2010. The statutory comparable period is 30 June 2010. Results for the six months ended 31 December 2009 are included where permitted to enable comparison of results for the six month period.

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## Results for Announcement to the Market

	Six month Period ended 31 December 2010 \$'000	Six Month Period ended 31 December 2009 \$'000	Change %	Year ended 30 June 2010 \$'000
<b>Revenue</b> from ordinary activities	94,616	116,168	-18.5%	159,807
<b>Profit</b> from ordinary activities after tax attributable to members	6,785	10,829	-37%	7,015
<b>Net profit</b> for the period attributable to members	6,785	10,829	-37%	7,015

Dividends/Distributions	Amount per security	Franked amount per security
Final dividend	2.5 cents	100%

Record date for determining entitlement to the dividend

8 March 2011

Due to the change in year end, this final dividend reflects that the Company is yet to operate under a full twelve month calendar year. The dividend of 2.5 cents per ordinary share equates to that paid for the six month period to 31 December 2009.

Comparative revenue and profit decreases reflect a difficult end to the 2010 season caused by inclement weather conditions.

Explanations of movements in revenue and profits and comments relating to dividends are contained in the Directors' Report and accompanying announcement.

**The Maryborough Sugar Factory Limited** ABN 11 009 658 708  
**Preliminary Final Report – 31 December 2010**

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## Directors' Report

Forming part of the Appendix 4E Preliminary Final Report

The Directors of The Maryborough Sugar Factory Limited present their preliminary report on the results for the period ended 31 December 2010.

### Directors

The directors of the Company during the whole of the financial period and up to the date of this report are as follows:

J.A. Jackson (Chairman)  
J.E. Burman  
R.A. Burney  
S.J. Palmer  
J.F. Hesp  
W.B. Moller

There has been no change in the directors during the period.

### Review of Operations

**Business Activities:** The principle activities of the group are the manufacture of raw sugar, cane farming and investments related to both land and sugar industry infrastructure. The group operates predominantly in one geographic area, being Queensland, Australia.

### Results

The directors' review of operations for the period of the consolidated entity is set out in the attached announcement of results for the period ended 31 December 2010.

### Dividend

Since the end of the period, the directors have declared a fully franked final dividend of 2.5 cents per share (30 June 2010: 4.0 cents per share). Shareholders have the option to participate in the Company's Dividend Reinvestment Plan, for the six months ended 31 December 2010. The directors have declared the Record Date for determining entitlements to this dividend to be 8 March 2011. Payment of this dividend is expected to be made on 31 March 2011.

### Overview

The results for the period ended 31 December 2010 reflects the increase in the raw sugar price achieved. The sugar price achieved increased from \$427 per IPS tonne to \$456 IPS per tonne.

The Company's cane crushed for the 2010 season totalled 1,691,501 tonnes, a decrease of 74,670 tonnes (-4.23%) from the 2009 season. Sugar production totalled 212,024 tonnes in the 2010 season, a decrease of 45,712 tonnes (-17.74%) from the 2009 season due to lower sugar content in the sugar cane caused by a wet 2010 season.

During the period the Company raised \$24.3 million (net of transaction costs) from the issue of 8,025,831 ordinary shares at \$3.15 per share. A total of 269,871 shares at \$2.50 were issued in relation to the Company's Dividend Reinvestment Plan, increasing the Company's issued capital by a further \$674,408.

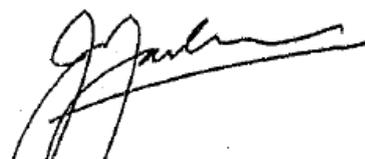
## **Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

## **Rounding**

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts on the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

**Signed** in accordance with a resolution of the directors.



J.A. Jackson  
Chairman

Brisbane  
24<sup>th</sup> February 2011

## Auditor's Independence Declaration

As lead auditor for the audit of The Maryborough Sugar Factory Limited for the period ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Maryborough Sugar Factory Limited and the entities it controlled during the period.



**Simon Neill**

Partner  
PricewaterhouseCoopers

Brisbane  
24 February 2011

## Consolidated Income Statement

for the period ended 31 December 2010

	Notes	Consolidated	
		31 December 2010 \$'000	30 June 2010 \$'000
Revenue	4	94,616	159,807
Other income	5	103	169
Movement in valuation of biological assets	6	(2,190)	856
Changes in inventories of finished goods and work in progress		13,995	1,226
Cost of cane and other materials used		(60,447)	(102,607)
Distribution costs		(11,470)	(13,952)
Employee benefits expense		(15,235)	(22,421)
Depreciation and amortisation expense	7	(2,286)	(2,939)
Finance costs	7	(2,075)	(2,963)
Other administrative costs		(5,781)	(7,052)
Other expenses		(823)	(1,420)
<b>Profit before income tax</b>		<b>8,407</b>	<b>8,704</b>
Income tax (expense)		(1,622)	(1,689)
<b>Net profit attributable to owners</b>		<b>6,785</b>	<b>7,015</b>

	Cents	Cents
Earnings per share for profit attributable to the ordinary owners of the company		
<b>Basic earnings per share</b>	<b>12.58</b>	<b>13.85</b>
<b>Diluted earnings per share</b>	<b>12.49</b>	<b>13.80</b>

The above consolidated income statement should be read in conjunction with the accompanying notes.

## Consolidated Statement of Comprehensive Income

for the period ended 31 December 2010

	31 December 2010 \$'000	30 June 2010 \$'000
<b>Net profit attributable to owners</b>	<b>6,785</b>	<b>7,015</b>
<b>Other comprehensive income</b>		
Tax on realisation of revalued assets	-	77
Tax adjustment on prior year land revaluation	-	152
Changes in the fair value of cash flow hedges	(31,575)	33,190
Profit on revaluation of available-for-sale assets, net of tax	-	1,580
<b>Other comprehensive (loss) income for the period, net of tax</b>	<b>(31,575)</b>	<b>34,999</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(24,790)</b>	<b>42,014</b>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

The large change in cash flow hedge reserve is a result of the significant increase in the sugar futures market from 30 June 2010 through to 31 December 2010.

# Consolidated Balance Sheet

as at 31 December 2010

		31 December 2010	Consolidated 30 June 2010
	Notes	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	8	24,314	22,695
Trade and other receivables		16,923	4,044
Inventories	9	29,183	15,260
Derivative financial instruments	11	13,102	6,665
Other financial assets		7,700	-
Biological assets	6	2,101	4,291
Other current assets		1	12
<b>Total current assets</b>		<b>93,324</b>	<b>52,967</b>
<b>Non-current assets</b>			
Trade and other receivables		71	44
Inventories	9	1,199	1,284
Available-for-sale financial assets	10	37,803	36,408
Property, plant and equipment	12	113,817	114,538
Intangible assets		3,456	3,456
Derivative financial instruments	11	184	2,353
Other non-current assets		142	169
<b>Total non-current assets</b>		<b>156,672</b>	<b>158,252</b>
<b>Total assets</b>		<b>249,996</b>	<b>211,219</b>
<b>Current liabilities</b>			
Trade and other payables		26,515	9,990
Interest bearing liabilities	13	3,072	4,215
Current tax liabilities		-	997
Provisions		2,173	2,076
Derivative financial instruments	11	24,230	5,059
<b>Total current liabilities</b>		<b>55,990</b>	<b>22,337</b>
<b>Non-current liabilities</b>			
Trade and other payables		2,222	2,296
Interest bearing liabilities	13	36,884	29,686
Derivative financial instruments	11	4,294	1,086
Deferred tax liabilities		2,490	5,938
Provisions		378	292
<b>Total non-current liabilities</b>		<b>46,268</b>	<b>39,298</b>
<b>Total liabilities</b>		<b>102,258</b>	<b>61,635</b>
<b>Net assets</b>		<b>147,738</b>	<b>149,584</b>
<b>Equity</b>			
Contributed equity	14	116,033	91,123
Reserves	15	5,475	36,886
Retained profits	16	26,230	21,575
<b>Total equity</b>		<b>147,738</b>	<b>149,584</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

for the period ended 31 December 2010

<b>31 December 2010</b>	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 30 June 2010</b>	<b>91,123</b>	<b>36,886</b>	<b>21,575</b>	<b>149,584</b>
Total comprehensive income for the period	-	(31,575)	6,785	(24,790)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	24,910	-	-	24,910
Dividends paid	-	-	(2,130)	(2,130)
Employee share options - value of employee services	-	164	-	164
<b>Total</b>	<b>24,910</b>	<b>164</b>	<b>(2,130)</b>	<b>22,944</b>
<b>Balance at 31 December 2010</b>	<b>116,033</b>	<b>5,475</b>	<b>26,230</b>	<b>147,738</b>

<b>30 June 2010</b>	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 July 2009</b>	<b>77,922</b>	<b>1,809</b>	<b>15,607</b>	<b>95,338</b>
Total comprehensive income for the year	-	34,999	7,015	42,014
Realisation of revalued assets	-	(284)	284	-
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	13,201	-	-	13,201
Dividends paid	-	-	(1,331)	(1,331)
Employee share options - value of employee services	-	362	-	362
<b>Total</b>	<b>13,201</b>	<b>362</b>	<b>(1,331)</b>	<b>12,232</b>
<b>Balance at 30 June 2010</b>	<b>91,123</b>	<b>36,886</b>	<b>21,575</b>	<b>149,584</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

for the period ended 31 December 2010

	31 December 2010	Consolidated 30 June 2010
	Inflows (Outflows)	Inflows (Outflows)
Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods & services tax)	80,128	173,063
Payments to suppliers and employees (inclusive of goods and services tax)	(82,988)	(154,430)
	(2,860)	18,633
Interest received	355	1,404
Dividends received	1,344	5,502
Interest paid	(2,058)	(3,027)
Income tax paid	(1,011)	-
<b>Net cash (outflow) inflow from operating activities</b>	<b>(4,230)</b>	<b>22,512</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,680)	(4,807)
Payments for intangible assets	-	(48)
Proceeds from available-for-sale financial assets return of capital	-	1,618
Payments for available-for-sale financial assets	(1,395)	(43)
Payment in respect of the Northern Milling Joint Venture	(20,000)	-
Loan repayments from unrelated parties	(26)	277
Proceeds from sale of property, plant & equipment	115	728
<b>Net cash outflow from investing activities</b>	<b>(22,986)</b>	<b>(2,275)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	25,280	13,485
Share issue costs	(1,047)	(283)
Proceeds from borrowings	7,000	34,378
Repayment of borrowings	(945)	(43,583)
Dividends paid (net of dividends reinvested)	(1,453)	(1,331)
<b>Net cash inflow from financing activities</b>	<b>28,835</b>	<b>2,666</b>
<b>Net increase in cash held</b>	<b>1,619</b>	<b>22,903</b>
Cash at the beginning of the financial year	22,695	(208)
<b>Cash at the end of the financial year</b>	<b>8</b>	<b>22,695</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

for the period ended 31 December 2010

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

### (a) Basis of preparation

This preliminary final report has been prepared in accordance with ASX listing rules 4.3A and the disclosure requirements of ASX appendix 4E.

This preliminary final report does not include all the notes of the type normally included in the annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010, and any public announcements made by The Maryborough Sugar Factory Limited (the Company) during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## 2. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the board of directors.

The principal activities of the Company are the manufacture of raw sugar (sugar milling), cane farming, and investments related to both sugar industry infrastructure (Sugar Terminals Limited) and land (other). The Company operates predominately in one geographic area, being Queensland, Australia.

31 December 2010	Sugar Milling \$'000	Cane Farming \$'000	Sugar Terminals Limited Investment \$'000	Other \$'000	Consolidated \$'000
<b>Segment revenue</b>					
Revenue from external customers	92,740	532	1,344	-	94,616
Intersegmental sales	-	4,769	-	-	4,769
Total sales revenue	92,740	5,301	1,344	-	99,385
<b>Total segment revenue</b>	<b>92,740</b>	<b>5,301</b>	<b>1,344</b>	<b>-</b>	<b>99,385</b>
Intersegmental elimination					(4,769)
<b>Consolidated revenue</b>					<b>94,616</b>
<b>Segment result</b>					
<b>Segment result</b>	12,898	(1,176)	742	(189)	12,275
Unallocated revenue less unallocated expenses					(3,868)
<b>Profit before income tax</b>					<b>8,407</b>
Income tax expense					(1,622)
<b>Profit for the year</b>					<b>6,785</b>
<b>Segment assets and liabilities</b>					
<b>Segment assets</b>	<b>95,915</b>	<b>63,582</b>	<b>37,687</b>	<b>77</b>	<b>197,261</b>
Unallocated assets					52,735
<b>Total assets</b>					<b>249,996</b>
<b>Segment liabilities</b>	(i) <b>41,774</b>	<b>6,706</b>	<b>20,000</b>	<b>-</b>	<b>68,480</b>
Unallocated liabilities					(ii) 33,778
<b>Total liabilities</b>					<b>102,258</b>
<b>Other segment information</b>					
Acquisition of PP&E	992	465	-	-	1,457
Acquisition of available-for-sale financial assets	-	-	1,395	-	1,395
Depreciation expense	1,870	416	-	-	2,286

## 2. SEGMENT REPORTING (continued)

30 June 2010	Sugar Milling \$'000	Cane Farming \$'000	Sugar Terminals Limited Investment \$'000	Other \$'000	Consolidated \$'000
<b>Segment revenue</b>					
Revenue from external customers	153,470	835	5,502	-	159,807
Intersegmental sales	-	5,186	-	-	5,186
Total sales revenue	153,470	6,021	5,502	-	164,993
<b>Total segment revenue</b>	<b>153,470</b>	<b>6,021</b>	<b>5,502</b>	<b>-</b>	<b>164,993</b>
Intersegmental elimination					(5,186)
<b>Consolidated revenue</b>					<b>159,807</b>
<b>Segment result</b>					
<b>Segment result</b>	10,277	(552)	4,481	(351)	13,855
Unallocated revenue less unallocated expenses					(5,151)
<b>Profit before income tax</b>					<b>8,704</b>
Income tax expense					(1,689)
<b>Profit for the year</b>					<b>7,015</b>
<b>Segment assets and liabilities</b>					
<b>Segment assets</b>	<b>79,839</b>	<b>67,922</b>	<b>36,292</b>	<b>195</b>	<b>184,248</b>
Unallocated assets					26,971
<b>Total assets</b>					<b>211,219</b>
<b>Segment liabilities</b>	(i) <b>13,085</b>	<b>6,961</b>	<b>20,000</b>	<b>-</b>	<b>40,046</b>
Unallocated liabilities	(ii)				21,589
<b>Total liabilities</b>					<b>61,635</b>
<b>Other segment information</b>					
Acquisition of PP&E	3,426	1,427	-	-	4,853
Acquisition of intangible	-	48	-	-	48
Acquisition of available-for-sale financial assets	-	43	-	-	43
Depreciation expense	2,185	754	-	-	2,939

## 2. SEGMENT REPORTING (continued)

	Consolidated	
	31 December 2010	30 June 2010
	\$'000	\$'000
<b>(i) Segment Liabilities</b>		
Derivative financial liabilities	28,524	6,145
Plant and equipment loan facility	455	929
Farm loan facility	6,251	6,472
Cash advance line	6,250	6,500
Working capital facility	7,000	-
STL facility	20,000	20,000
	<b>68,480</b>	<b>40,046</b>
<b>(ii) Unallocated Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	26,515	9,990
Current tax liabilities	-	997
Provisions	2,173	2,076
	<b>28,688</b>	<b>13,063</b>
<b>Non-current liabilities</b>		
Trade and other payables	2,222	2,296
Deferred tax liabilities	2,490	5,938
Provisions	378	292
	<b>5,090</b>	<b>8,526</b>
<b>Unallocated liabilities</b>	<b>33,778</b>	<b>21,589</b>

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

#### (a) Sugar revenue

The group's sugar production is sold to a combination of domestic and international customers. Title passes to the customer when the raw sugar is loaded on board a ship at the bulk sugar terminals and revenue is recognised at that point.

#### (b) Standing crops valuation

Standing crops of sugar cane are valued at fair value less point-of-sale costs at the time of harvesting. In arriving at fair value, estimates of crop size and CCS (sugar content) are made on the basis of historical experience and sugar price is estimated giving consideration to forward pricing activities completed at the time together with market projections for unpriced production.

#### (c) Water allocation valuation

Water allocations are valued at cost. Impairment is tested against external independent valuations and other relevant information.

#### (d) Property, plant and equipment valuation

With the exception of land and farm buildings, plant and equipment is carried at cost and reviewed annually for indication of impairment. Where there is objective evidence that property, plant and equipment is impaired, the recoverable amounts of cash-generative units are determined using discounted cash flows which are based on assumptions in respect of crop size, CCS (sugar content), sugar price, and discount rate.

#### (e) Available-for-sale financial assets valuation

The group currently holds both Miller ("M") shares and Grower ("G") shares in Sugar Terminals Limited. The M class shares are not listed. However, these shares participate equally with G class shares for dividend distribution and their fair value is considered to be equal to the fair value of G class shares. Fair value has been determined in accordance with a discounted cash flow analysis which is based on assumptions in respect of future expected dividends and discount rate.

#### (f) Tax losses

Future projections indicate that the group will not return sufficient taxable income in the foreseeable future to absorb all carry-forward tax losses. The group has implemented the tax consolidation legislation for which the use of transferred losses is limited by their available fraction. Only those tax losses where recovery is probable have been recognised in the accounts.

#### (g) Land valuations

In valuing the group's land assets, independent valuers have made certain assumptions based on recent sales data and their knowledge of the relevant market in the local area.

#### (h) Derivative Financial Instrument Valuations

The fair value of derivatives financial instruments are supported by independent banking valuations. The independent valuations are based on certain assumptions in relation to closing market values on the Intercontinental Exchange (ICE) No. 11 and discount rates.

	Consolidated	
	31 December 2010	30 June 2010
	\$'000	\$'000
<b>4. REVENUE</b>		
<b>Revenue from operating activities</b>		
Proceeds from sugar sales	77,881	167,952
Commodity related risk management activities	5,270	(37,575)
Net foreign exchange hedging gains	3,294	12,272
Proceeds from molasses sales	4,463	7,496
Proceeds from other operating activities	733	699
<b>Revenue from operating activities</b>	<b>91,641</b>	<b>150,844</b>
<b>Other revenue</b>		
Lease revenue	279	398
Interest revenue	326	1,432
Dividends received	1,344	5,502
Rebates and allowances	240	457
Marketing and other recoveries	-	431
Contract works revenue	-	16
Other	786	727
	<b>2,975</b>	<b>8,963</b>
	<b>94,616</b>	<b>159,807</b>
<b>5. OTHER INCOME</b>		
Net gains on disposal of property, plant and equipment	32	-
Other government grants	71	169
	<b>103</b>	<b>169</b>
<b>6. MOVEMENT IN VALUATION OF BIOLOGICAL ASSETS</b>		
Standing crops		
Carrying value at beginning of year	4,291	3,435
Net (losses) gains arising from changes in quantity of standing crop and in fair value less point of sale costs	(2,190)	856
<b>Carrying value at end of year</b>	<b>2,101</b>	<b>4,291</b>

## 7. EXPENSES

Profit before income tax includes the following specific expenses:

Depreciation and amortisation:		
Buildings	123	242
Plant and equipment	2,163	2,694
Infrastructure contribution	-	3
	<b>2,286</b>	<b>2,939</b>
Net loss on disposal of property, plant and equipment	35	-
Finance costs - interest and finance charges	2,075	2,963
Rental expense relating to operating leases - minimum lease payments	139	235
Defined contribution superannuation expense	1,185	1,934
Research and development expenditure	14	222

## 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash on hand and at bank	24,314	22,695
	<b>24,314</b>	<b>22,695</b>

	Consolidated	
	31 December 2010	30 June 2010
	\$'000	\$'000
<b>9. INVENTORIES</b>		
Inventories		
Raw sugar, molasses and raw sugar in progress, at cost	27,622	13,504
Stores and mill supplies, at cost	2,779	3,060
Less provision for diminution in value	(19)	(20)
	<b>30,382</b>	<b>16,544</b>
Current	29,183	15,260
Non-current	1,199	1,284
	<b>30,382</b>	<b>16,544</b>
<b>10. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
At beginning of period	36,408	36,365
Additions	1,395	43
Return of capital payment	-	(1,618)
Revaluation surplus transferred to equity	-	1,618
<b>At end of period</b>	<b>37,803</b>	<b>36,408</b>
Listed securities	27,210	27,048
Unlisted securities	10,593	9,360
<b>11. DERIVATIVE FINANCIAL INSTRUMENTS</b>		
Current assets		
Sugar price hedge assets	8,880	6,648
Sugar options assets	1,155	-
Foreign exchange hedge assets	3,067	17
	<b>13,102</b>	<b>6,665</b>
Current liabilities		
Sugar price hedge liabilities	(23,085)	(3,805)
Sugar options liabilities	(1,118)	-
Foreign exchange hedge liabilities	(27)	(1,254)
	<b>(24,230)</b>	<b>(5,059)</b>
Non-current assets		
Sugar price hedge assets	184	2,353
	<b>184</b>	<b>2,353</b>
Non-current liabilities		
Sugar price hedge liabilities	(4,294)	(1,086)
	<b>(4,294)</b>	<b>(1,086)</b>

## 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Industrial Land \$'000	Freehold Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Mobile Equipment \$'000	Total \$'000
<b>Consolidated</b>						
<b>Year ended 30 June 2010</b>						
Opening net book amount	8,358	58,440	7,872	34,879	3,817	113,366
Additions	-	372	230	3,382	869	4,853
Disposals	-	(400)	-	(193)	(152)	(745)
Reclassifications	-	-	-	(6)	6	-
Depreciation charge	-	-	(242)	(2,160)	(534)	(2,936)
Closing net book amount	8,358	58,412	7,860	35,902	4,006	114,538
<b>At 30 June 2010</b>						
Cost or fair value	8,358	58,412	10,275	78,495	9,948	165,488
Accumulated depreciation	-	-	(1,715)	(27,293)	(5,942)	(34,950)
Write-down of assets	-	-	(700)	(15,300)	-	(16,000)
Net book amount	8,358	58,412	7,860	35,902	4,006	114,538
<b>Year ended 31 December 2010</b>						
Opening net book amount	8,358	58,412	7,860	35,902	4,006	114,538
Additions	-	148	75	1,391	194	1,808
Disposals	-	-	-	(139)	(104)	(243)
Depreciation	-	-	(123)	(1,751)	(412)	(2,286)
Closing net book amount	8,358	58,560	7,812	35,403	3,684	113,817
<b>Year ended 31 December 2010</b>						
Cost or fair value	8,358	58,560	10,350	80,596	9,875	167,739
Accumulated depreciation	-	-	(1,838)	(29,893)	(6,191)	(37,922)
Write-down of assets	-	-	(700)	(15,300)	-	(16,000)
Net book amount	8,358	58,560	7,812	35,403	3,684	113,817

	Consolidated	
	31 December 2010	30 June 2010
	\$'000	\$'000
<b>13. INTEREST BEARING LIABILITIES</b>		
Current - secured		
Commercial bill facility	3,000	3,707
Commercial Loans	72	68
Other loan facilities	-	440
	<b>3,072</b>	<b>4,215</b>
Non-current - secured		
Loan facilities	36,884	29,686
	<b>36,884</b>	<b>29,686</b>
<b>Total</b>	<b>39,956</b>	<b>33,901</b>

#### 14. EQUITY SECURITIES ISSUED

Movements in ordinary share capital of the company during the past two years are as follows:

Date	Details	Notes	Number of Shares	Issue Price	\$'000
<b>31.12.08</b>	<b>Balance</b>		<b>46,493,419</b>		<b>77,922</b>
10.11.09	Share placement	(a)	6,500,000	\$2.00	12,753
16.12.09	Share purchase plan	(b)	242,250	\$2.00	448
<b>30.06.10</b>	<b>Balance</b>		<b>53,235,669</b>		<b>91,123</b>
10.09.10	Dividend reinvestment plan	(c)	269,871	\$2.50	672
20.12.10	Share placement	(d)	8,025,831	\$3.15	24,238
<b>31.12.10</b>	<b>Balance</b>		<b>61,531,371</b>		<b>116,033</b>

- (a) On 10 November 2009, a total of 6,500,000 shares were issued following a private placement, increasing the company's issued capital by \$12,752,839 after transaction costs of \$247,161.
- (b) On 16 December 2009, a total of 242,250 shares were issued under the share purchase plan, increasing the company's issued capital by \$448,276 after transaction costs of \$36,224.
- (c) On 30 September 2010, a total of 269,871 shares were issued under the company's dividend reinvestment plan increasing the company's issued capital by \$671,264.
- (d) On 20 December 2010, a total of 8,025,831 shares were issued following a private placement increasing the company's issued capital by \$24,238,103 after transaction costs of \$1,043,265.

## 15. RESERVES

Property, plant and equipment revaluation reserve	22,727	22,727
Cash flow hedge reserve	(20,457)	11,119
Available-for-sale financial assets revaluation reserve	1,878	1,878
Share-based payments reserve	1,327	1,162
	<b>5,475</b>	<b>36,886</b>

## 16. RETAINED PROFITS

Balance at 1 July	21,575	15,607
Dividend paid	(2,130)	(1,331)
Net profit attributable to members	6,785	7,015
Realisation of revalued assets	-	284
	<b>26,230</b>	<b>21,575</b>

## 17. EVENTS OCCURRING AFTER BALANCE SHEET DATE

### Northern Milling Joint Venture

On 19 July 2010, the Company entered into the Northern Milling Joint Venture (NMJV) Agreement with Bundaberg Sugar Ltd (BSL) to establish a 50/50 joint venture of the northern sugar cane milling operations of both parties. The NMJV commenced operations on 1 January 2011 (Effective Date). On execution of the Joint Venture Agreement, the Company paid a non-refundable amount of \$20 million to BSL as consideration for an entitlement to 50% of the future sugar production of the NMJV from the Effective Date and a call option to acquire BSL's 50% of the NMJV for a \$50 million cash payment. As a result of this option, MSF has control over the NMJV and therefore will consolidate its results from the Effective Date.

The Company exercised the option to acquire BSL's 50% participating interest in the NMJV, effective on 25 February 2011 for a consideration of \$50 million (plus settlement adjustments). The NMJV includes the following assets: Mulgrave, Tableland and South Johnstone Mills, together with the Babinda and Mourilyan Sites.

The NMJV announced on 8 February 2011 its intention to close the Babinda Mill, subject to agreement being reached with employees affected by the closure. Agreement has now been reached with these employees and the mill will not be recommencing operations.

At the time the Appendix 4E was authorised for issue, the group had not yet completed the accounting for the acquisition of the NMJV. In particular, the fair values of the assets and liabilities acquired have not yet been finalised.

### Capital Raisings

On 17 January 2011, shareholder approval was received to issue a further 4,012,916 ordinary shares in the company at \$3.15 per share. These shares were issued on 20 January 2011.

On 25 January 2011, the company issued a further 3,484,726 ordinary shares at \$3.15 per share under a Share Purchase Plan.

These share issues increased the company's issued capital by \$27,690,000 after transaction costs of approximately \$927,572.

## **Dividend Declaration**

Since the end of the financial period, directors have declared a fully franked final dividend of 2.5 cents per share (30 June 2010: 4 cents per share). Shareholders have the option to participate in the Company's Dividend Reinvestment Plan, for the six months ended 31 December 2010. The directors have declared the Record Date for determining entitlements to this dividend to be 8 March 2011. Payment of this dividend is expected to be made on 31 March 2011.

## Supplementary Appendix 4E Information

for the period ended 31 December 2010

### Ratios

	Six month period ended 31 December 2010 %	Six month period ended 31 December 2009 %	Year ended 30 June 2010 %
<b>Profit before tax / revenue</b>			
Profit before tax as a percentage of revenue	8.88	12.5	5.45
<b>Profit after tax / equity interest</b>			
Net profit after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	4.59	9.32	4.69

### Earnings Per Security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 30 of AASB 133: *Earnings Per Share* are as follows:

	Six month period ended 31 December 2010 \$A	Six month period ended 31 December 2009 \$A	Year ended 30 June 2010 \$A
Basic EPS	12.58	22.49	13.85
Diluted EPS	12.49	21.78	13.80

Basic earnings per share amounts have been calculated using net profit attributable to members \$6,785,038 divided by weighted average number of ordinary shares (53,924,829).

Diluted earnings per share amounts have been calculated using net profit attributable to members divided by weighted average number of ordinary shares plus the weighted average number of options (54,320,373).

### NTA Backing

	31 December 2010	31 December 2009	30 June 2010
Net tangible asset backing per ordinary share	2.35	2.14	2.74
Net tangible asset backing per ordinary share (excluding cash flow hedge reserve)	2.68	2.63	2.54

## Additional Dividend / Distribution Information

Details of dividend/distribution declared or paid during or subsequent to the period ended 31 December 2010 are as follows:

Record Date	Payment Date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
30.08.2010	30.09.2010	Final	4.0 cents	2,129,427	100%	-
08.03.2011	31.03.2011	Final	2.5 cents	1,725,725	100%	-

The dividend or distribution plans shown below are in operation.

As per The Maryborough Sugar Factory Limited Dividend Reinvestment Plan (DRP)

The last date(s) for receipt of election notices for the dividend or distribution plans

08.03.2011

Any other disclosures in relation to dividends (distributions).

The DRP is optional and offers shareholders the opportunity to acquire ordinary fully paid shares which rank equally with all other shares issued, without transactions costs, at the prevailing market value. A shareholder can elect to participate or terminate their involvement in the DRP in respect of the 31 December 2010 final dividend at any time prior to the Record Date of 8 March 2011.

## Controlled Entities Acquired or Disposed of

(a) No entities were acquired of during the period ended 31 December 2010.

(b) No entities were disposed of during the period ended 31 December 2010.

## Annual Meeting

The annual meeting will be held as follows:

Place	The Rambler Museum, Gordon Street, Gordonvale
Date	20 May 2011
Time	11.00am
Approximate date the annual report will be available	20 April 2011

## Statement in Relation to Accounts and Audit

This report is based on accounts which are in the process of being audited.

Date: 25 February 2011