MARYBOROUGH SUGAR FACTORY
SUGAR MILLERS & GROWERS

NEWS RELEASE
25 February 2009

ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

(This news release should be read in conjunction with the attached Appendix 4D)

Overview

Results for the half year ended 31 December 2008 include, for the first time, contributions from the Mulgrave Central Mill which was acquired in July 2008.

The inclusion of Mulgrave's operations together with improved sugar prices resulted in 472% increase in half year revenue to $89.570 million.

Increased revenue was partially offset by lower volumes processed at Maryborough, a function of unfavourable growing conditions, grower standover of cane to the 2009 season, and increased fertiliser prices which impacted the performance of grower and company farms.

Results

	2008 $'000	2007 $'000	Change %
Revenue	89,570	15,657	472
EBITDA	1,171	(2,226)	153
EBIT	(389)	(2,834)	86
Net interest	(2,643)	(430)	515
Profit (loss) before tax	(3,032)	(3,264)	7
Profit (loss) after tax	2,625	(2,169)	221
Net cash flow from operating activities	(21,409)	(1,690)	(1,167)
Gross assets	215,242	65,135	230
Liabilities	107,470	25,279	325
Term debt	35,810	11,170	221
Working Capital net debt	11,621	3,457	236
Growth acquisition capital expenditure	5,126	2,110	143
Stay-in-business capital expenditure	1,060	458	131
Depreciation	1,560	608	157
NTA	$2.25	$2.18	3
Number of Employees	238	99	
Safety performance (per million work hours)			
Lost time injury frequency rate	29	41	
Recordable injury frequency rate	47	36	

Income Statement

Revenue for the current half year of $89.570 million includes the sale of sugar purchased from Mossman Central Mill ($17.571 million) under a sales and marketing arrangement between Mulgrave and Mossman.

Net cash outflow from operating activities of $21.409 million compared with net cash outflow of $1.690 million in the previous corresponding period reflecting:

- Over 40% of the MSF group's sugar tonnage will be sold into the second half to maximise pricing opportunities, and expected revenue for this sugar has been deferred to this period,
- However the crushing season falls into the July to December period and the significant majority of the MSF group's expenditure is incurred in the first six months of the financial year.

Distribution costs of $16.436 million represents, principally, storage and shipping costs associated with Mulgrave's sugar marketing program. These costs include those attributable to Mossman's sugar.

MSF hedges its sugar sales to achieve specific $A target prices in accordance with the company's pricing policy and this resulted in a net foreign exchange loss of $8.663 million.

As transactions mature, the foreign exchange component of the combined price is measured against the foreign exchange at the time and the resultant profit or loss is shown on the face of the income statement. This is balanced by a corresponding increase or decrease in revenue. That is, there is no net effect to profit (loss).

The pre-tax loss of $3.032 million reflects:

- the lower than expected crop in the Maryborough region and,
- an increased cost burden as the company pursues its growth objectives and has continued its expenditure program on its land assets, plantations and further business development opportunities.

An Income Tax Benefit of $5.657 million is primarily due to the Mulgrave tax losses ($4.592million) being reinstated as a deferred tax asset in the balance sheet, which results in an after tax profit of $2.625 million.

Whole Year Forecast

On the information currently available, directors expect the company to record an after tax loss of $1 million for the full year ending 30 June 2009 on total revenues of $140 million.

Balance Sheet

Following is a simplified balance sheet summary which tracks the balance sheet movements from Year End June 2008 to Half Year End December 2008 and demonstrates the impact of the MCM acquisition (e.g. Mills and other PP&E) and the effects from the seasonal nature of the business (e.g. Sugar inventory, trade payables and working capital debt) on the MSF balance sheet.

Balance Sheet summary	**HYED08**	**YEJ08**
Assets		
Cash	$ 10,913	$ 30,012
Sugar Inventory	$ 39,330	-
Other current Assets	$ 12,116	$ 5,743
STL shares	$ 33,287	$ 30,116
Cane Farms	$ 57,540	$ 57,290
Mills and other PP&E	$ 54,689	$ 14,963
Other Non current assets	$ 7,367	$ 1,994
Total Assets	**$ 215,242**	**$ 140,118**
Liabilities		
Trade Payables	$ 25,040	$ 3,046
Working Capital debt	$ 22,534	$ 4,736
Other current liabilities	$ 14,297	$ 797
Term debt	$ 35,810	$ 28,218
Other non current liabilities	$ 9,789	$ 7,883
Total Liabilities	**$ 107,470**	**$ 44,680**
Net Assets	**$ 107,772**	**$ 95,438**

The company's term debt level stands at $35.810 million, and the company has also drawn on a working capital facility for $11.621 million (working capital net debt), which is a function of cash requirements to fund the company's total sugar marketing program and will reduce as remaining stocks are sold and shipped in the second half.

2008 Season

Sugar Milling

	2008 Season			2007 Season		
	Tonnes		CCS	Tonnes		CCS
	Cane	Sugar		Cane	Sugar	
Maryborough	614,549	83,109	13.47	664,278	79,770	12.50
Mulgrave*	1,083,802	158,026	14.07			
MSF Total	**1,698,351**	**241,135**		**664,278**	**79,770**	

** includes 99,932 tonnes cane processed and 13,258 tonnes sugar produced pre-acquisition*

At Maryborough, the 2008 season was severely impacted by the carry over effects of a poor 2007 season combined with a cool summer and dry autumn. Mulgrave had a good season with around average production.

Cane Growing

Sugar cane production from company-owned farms in southeast Queensland fell 16% in 2008 from the 2007 level, primarily due to lower yields.

	2008 tonnes	2007 tonnes
Company-managed	61,239	70,477
Tenanted	88,301	108,126
Total company-owned	149,540	178,603

The cane farm acquired in North Queensland in mid-2008 delivered 15,660 tonnes of sugar cane to the Mulgrave mill in addition to the above table.

As already mentioned, fertiliser is a significant cost item in the farming operations and the effect of high fertiliser prices (which more than doubled from a 2007 base) have added some $300,000 to current year costs. Fertiliser prices have since eased by roughly 30% and it is expected that this reduction will be reflected in 2009/10 costs.

Restructure of the company's southern farming operations is continuing with the ultimate aim of establishing four defined farming regions, or "hubs".

This restructure includes development of available new farming land and installation of low pressure pivot irrigators. In conjunction, MSF's farming systems are progressively being converted to controlled traffic systems which incorporate permanent plant beds and zero/minimum tillage resulting in more efficient and lower cost operations.

During the half year ended 31 December 2008 the company has invested capital in excess of $600,000 in farm development and restructuring. MSF's company-managed southern farms are expected to produce up to 150,000 tonnes of cane in 2009/10 and, fully developed, should produce in excess of 180,000 tonnes.

Sugar Marketing and Pricing

Sugar prices have strengthened significantly on the back of stronger fundamentals and a favourable shift in $A/$US exchange rate. Final average sugar price is expected to be around 35% higher than the previous year.

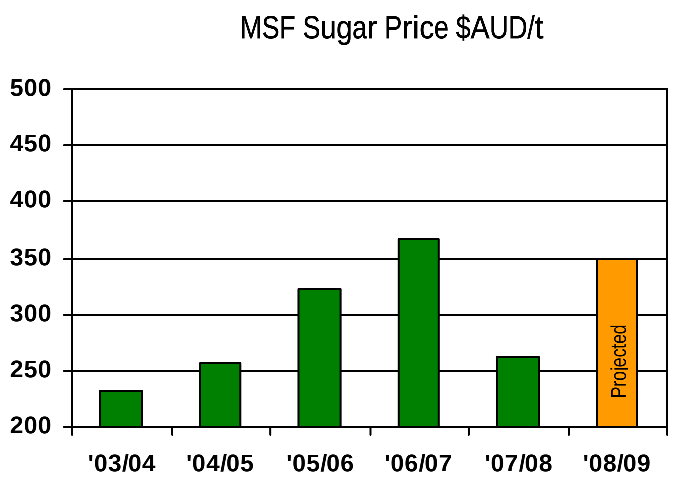
Sugar produced at Maryborough is sold into the domestic market under contract to Sugar Australia Limited (75% owned by CSR Ltd). Mulgrave's sugar production is exported to various customers in Asia. In both cases, pricing is conducted using available world sugar prices.

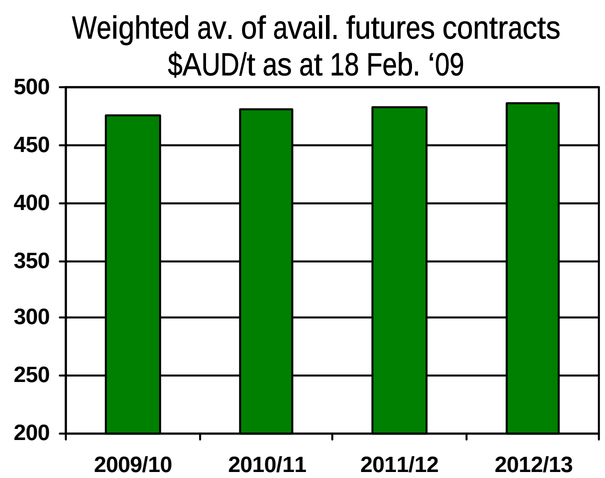
Our market risk policy seeks to manage its future sugar pricing activities within a framework based on target prices and production risk.

Indicative forward pricing positions for the consolidated group's notional share of production (i.e. excluding grower's notional share) as at 24th February 2009 are as follows:

Season	% Priced	ICE Price ($A) (priced)	Priced (tonnes)	Marked To Market Indicative Price ($A)
2008	98	347	89,029	349
2009	63	392	66,866	419
2010	47	420	51,292	449
2011	32	410	34,544	455
2012	20	467	22,017	478

Downsizing of 2008/09 sugar crops in Asia, particularly in India, suggest a large global deficit of both raw and white sugar in the upcoming year. Combined with a weaker $A (against US currency) this forecast deficit means that relatively strong forward sugar prices are currently available as demonstrated by the following graphs:





Strategic Initiatives

Acquisition of Mulgrave Central Mill (MCM)

Acquisition of MCM was effected in July 2008 and the compulsory acquisition phase was completed in September 2008. Included in the half year report is a reconciliation of the MCM acquisition, which shows a purchase consideration of $54.418 million, which included $10.401 million of cash and $8.009 million in STL shares. Subsequent to this was the $4.592 million favourable write back of MCM tax losses into the balance sheet.

MCM currently has sufficient capacity to process 1.5 million tonnes of sugar cane annually (in moving to continuous crushing which is 7 days a week operation) and is considered an excellent strategic beachhead for further consolidation opportunities in the region.

The integration phase has, to date, been relatively smooth and the focus has now shifted towards increasing factory capacity utilisation via increasing cane supply and the company is currently evaluating a number of options to achieve this outcome. We are also progressing the offering of price risk management tools for MCM growers to enable them to protect attractive forward prices.

Maryborough Crop Size

Sustainability of the Maryborough region remains a matter of strong focus for the company.

At Maryborough, significant resources have been employed in an effort to secure long term cane supply from both company-controlled and independent farms. It is envisaged that a sustainable crop size of between 800,000 tonnes and 1 million tonnes should be achievable over the next five seasons.

Mill management have been actively engaging cane growers in an effort to ascertain what measures are needed to improve confidence and support sustainability. Following these discussions, MSF has offered Maryborough growers a planting incentive payment in order to maximise planting ahead of the 2010 season.

Sugar Terminals Limited (STL)

Following the acquisition of MCM and further purchases on the market, the company currently holds 12.84% of the issued capital in STL – comprising 34,455,836 "G" Class shares and 11,775,965 "M" Class shares.

STL have recently announced that they have entered into a Heads of Agreement regarding a long term lease arrangement with Queensland Sugar Limited and have also entered an agreement to sell the Brisbane bulk sugar terminal for $40 million. MSF supports both these initiatives undertaken by STL.

Land Development

In February 2008 the company announced 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.

Carbon Pollution Reduction Scheme (CPRS)

We have initiated work to develop our knowledge and understanding of this emerging and important topic. Our preliminary findings suggest that our two production facilities being sugar mills at Mulgrave and Maryborough will not be captured under the scheme. This relates to the size of these facilities and the fact they both use bagasse fibre (biomass) as the feedstock to generate energy. Biomass is recognised by the Kyoto Protocol as a "Carbon Neutral" fuel and our mills are not only fully powered by bagasse but are net exporters of energy in the form of electricity. Further work is required to understand the CPRS impact for milling operations into the future as well as relevance to the other components of our supply chain, namely growing, harvesting and transport.

Tully Sugar Limited

On 13 August 2008 the company announced the formation of a joint working party to assess the benefits of merging the Maryborough Sugar and Tully Sugar businesses. Discussions are continuing and both parties share the vision of a consolidated and fully integrated Far North Queensland industry.

Safety Performance

Whilst achieving better results than in some previous periods, we recognise the need to significantly improve our overall safety performance. Resources and training are being deployed and the culture is changing, resulting in a lower LTI frequency rate. We believe the safety of our employees and workplaces is fundamental to the success of our business.

Seasonal Outlook

During January, Maryborough has recorded useful rainfall and high daytime temperatures. The crop has responded well and, given a continuation of favourable growing conditions through autumn, more than 700,000 tonnes of cane is expected to be harvested for the 2009 season.

Mulgrave has recorded a good growing season and, to date, has been fortunate in avoiding the extreme weather conditions which have affected other parts of North Queensland. Current forecasts suggest a crop in excess of 1,100,000 tonnes.

As an agriculture-based company, MSF's performance is highly exposed to weather conditions (throughput) and the relevant world commodity price.

Through its forward-pricing program, MSF has been able to significantly reduce its exposure to a downturn in world sugar prices and the acquisition of Mulgrave in North Queensland provides some protection against adverse growing conditions in either mill district (such as those experienced at Maryborough over the past two seasons).

Strategic Update

Early in 2008 we commenced our growth initatives in the Australian Sugar Industry. We have invested significant resources and capital into the assets and business of the company, and we continue with intensive evaluation of capital and development projects, the costs of which work have also been expensed against our earnings.

These actions are designed to meet two major objectives, firstly to lower our cost of production and secondly to increase our quantity of production, which we believe will move to secure future company earnings and dividends.

Our first major initiative, the Mulgrave acquisition has achieved these objectives and we are encouraged by these results. Had it not been for such a small crop at Maryborough, these earnings would be more visible.

Our NTA has increased to $2.25 per share and we are comfortable with the hard nature of our assets, being land, water rights, sugar mills and STL shares. Our core debt level of $35.8 million is effectively funded by our STL dividend income and the 12.8% stake is valued at close to this amount.

The sugar milling business has a high proportion of fixed costs and remains very sensitive to revenues which are a function of volumes and prices. We now have total installed milling capacity of 2.5 million tonnes of cane per annum, which needs to be fully utilised. This season we are currently forecasting crushing a total of 1.9 million tonnes of cane. Further to this point, we remain committed to our goal of consolidation in Far North Queensland which presently represents the most attractive growth option for the company and continue to work towards this end.

The current pricing and future outlook continues to remain positive with an increasing global sugar deficit forecast for this year and into 2010, due primarliy to a smaller Indian crop and a lack of finance in the Brazilian Industry curbing supply. Demand for raw sugar remains and continues to grow at slower levels of approximately 1% per annum. The weaker Australian Dollar has also contrbuted significantly and the current $A price levels are the best seen in 20 years. However, we are all too aware of the inherent volatility of these two factors on our revenues and continue to progressively hedge prudent quantities to protect our income.

Further information :

Mike Barry
CEO
The Maryborough Sugar Factory Limited
Mobile : 0401 896 999

The Maryborough Sugar Factory Limited

ABN 11 009 658 708

Appendix 4D Half Year Report – Period Ended 31 December 2008

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2008 Annual Report.

Results for Announcement to the Market

				$'000
Revenue from ordinary activities	up	472%	to	89,570
Profit (loss) from ordinary activities after tax attributable to members	up	221%	to	2,625
Net profit (loss) for the period attributable to members	up	221%	to	2,625

Dividends/Distributions	Amount per security	Franked amount per security
Interim dividend (current half year)	Nil	Nil
Interim dividend (prior year)	Nil	Nil

Record date for determining entitlement to the dividend	Not applicable

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

The Maryborough Sugar Factory Limited ABN 11 009 658 708
Interim report – 31 December 2008

CONTENTS

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by The Maryborough Sugar Factory Limited during the interim reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001.*

Directors' Report

The Directors of The Maryborough Sugar Factory Limited present their report on the results for the half year ended 31 December 2008.

Directors

The directors of the company during or since the end of the half year 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

Review of Operations

Business Activities: The company's principal business activities consist of sugar cane growing, raw sugar production, raw sugar marketing and investing in a sugar industry infrastructure company and are conducted at Maryborough and Gordonvale in the State of Queensland.

Results

The directors' review of operations for the half year of the consolidated entity is set out in the attached announcement of results for the half year ended 31 December 2008.

Dividend

Directors have not declared an interim dividend.

Overview

Results for the half year ended 31 December 2008 include, for the first time, results from Mulgrave Mill which was acquired in July 2008.

The inclusion of Mulgrave's operations together with improved sugar prices resulted in 472% increase in revenue to $89.57 million.

Increased revenue was offset by a poor crop at Maryborough – a function of unfavourable growing conditions as well as high fertiliser prices which impacted on the performance of company farms as well as district productivity.

At Maryborough, the 2008 season was severely impacted by the carry over effects of a poor 2007 season combined with a cool summer and dry autumn. The crop of 614,549 tonnes was the lowest since the expansion in the district in the early 1990's and compared with a 2007 season crop of 664,278 tonnes. Sugar production was slightly higher at 83,109 tonnes compared with 79,770 tonnes in the 2007 season. CCS of 13.47 compared with 12.50 in the previous season.

The Mulgrave district harvested a crop of 1,083,082 tonnes. This crop, though slightly below average, was complemented by a historically high sugar content (CCS of 14.07) and produced 158,026 tonnes sugar.

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
25 February 2009

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Auditors' Independence Declaration

As lead auditor for the review of The Maryborough Sugar Factory Limited for the half year ended 31 December 2008, 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 review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Martin T Linz

Partner
PricewaterhouseCoopers

Brisbane
25 February 2008

Consolidated Income Statement

	Notes	Consolidated Half Year 2008 $'000	2007 $'000
Revenue	3	89,570	15,657
Movement in valuation of biological assets		548	(512)
Other income	4	66	14
Cost of cane and other materials used		(50,143)	(9,456)
Distribution costs		(16,436)	(670)
Net foreign exchange hedging loss		(8,663)	-
Employee benefits expense		(9,630)	(4,295)
Depreciation and amortisation expense		(1,560)	(608)
Finance costs		(2,643)	(430)
Other administrative costs		(3,005)	(2,346)
Other expenses		(1,136)	(618)
(Loss) before income tax expense		(3,032)	(3,264)
Income tax benefit		5,657	1,095
Net profit (loss) attributable to members		2,625	(2,169)

	Cents	Cents
Earnings (loss) per share for profit attributable to the ordinary equity holders of the company		
Basic earnings (loss) per share	5.65	(12.29)
Diluted earnings (loss) per share	5.50	(11.84)

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

Consolidated Balance Sheet

		Consolidated	
	Notes	31 December 2008 $'000	30 June 2008 $'000
Current Assets			
Cash and cash equivalents	6	10,913	30,012
Trade and other receivables		2,968	3,427
Inventories		40,986	310
Biological assets		1,767	1,219
Derivative financial instruments		5,603	787
Other current assets		122	-
Total current assets		62,359	35,755
Non-current assets			
Receivables		321	62
Inventories		1,071	396
Investments held to maturity		73	2
Available-for-sale financial assets		33,287	30,116
Property, plant and equipment		112,229	72,253
Deferred tax assets		1,662	-
Derivative financial instruments		953	-
Intangible assets		3,096	1,534
Other non-current assets		191	-
Total non-current assets		152,883	104,363
Total assets		215,242	140,118
Current liabilities			
Trade and other payables		25,040	3,046
Interest bearing liabilities		23,346	5,357
Derivative financial instruments		12,047	-
Provisions		2,226	754
Total current liabilities		62,659	9,157
Non-current liabilities			
Trade and other payables		2,405	-
Interest bearing liabilities		35,022	27,640
Derivative financial instruments		7,231	684
Deferred tax liabilities		-	7,032
Provisions		153	167
Total non-current liabilities		44,811	35,523
Total liabilities		107,470	44,680
Net assets		107,772	95,438
Equity			
Contributed equity		77,944	52,265
Reserves	8	10,896	28,452
Retained profits		18,932	14,721
Total equity		107,772	95,438

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

Consolidated Statement of Changes in Equity

2008

	Notes	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 1 July 2008		52,265	28,452	14,721	95,438
De-recognition on sale of land assets, net of tax		-	(1,586)	1,586	-
Tax adjustment on prior year land revaluation		-	237	-	237
Loss on cashflow hedge reserve, net of tax		-	(12,330)	-	(12,330)
Loss on revaluation of available-for-sale assets, net of tax		-	(4,053)	-	(4,053)
Profit for the year		-	-	2,625	2,625
Total recognised income and expense for the period		-	(17,732)	4,211	(13,521)
Contributions of equity, net of transaction costs		25,679	-	-	25,679
Employee share options – value of employee services		-	176	-	176
Total		25,679	176	-	25,855
Balance at 31 December 2008		77,944	10,896	18,932	107,772

2007

	Notes	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 1 July 2007		5,490	8,715	20,331	34,536
Gain on revaluation of available-for-sale assets, net of tax		-	729	-	729
(Loss) for the year		-	-	(2,169)	(2,169)
Total recognised income and expense for the period		-	729	(2,169)	(1,440)
Dividends paid		-	-	(876)	(876)
Contributions of equity, net of transaction costs		7,504	-	-	7,504
Employee share options – value of employee services		-	132	-	132
Total		7,504	132	(876)	6,760
Balance at 31 December 2007		12,994	9,576	17,286	39,856

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

Consolidated Cash Flow Statement

	Consolidated Half Year 2008 Inflows (Outflows) $'000	Consolidated Half Year 2007 Inflows (Outflows) $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods & services tax)	86,547	17,939
Payments to suppliers and employees (inclusive of goods & services tax)	(108,238)	(18,840)
	(21,691)	(901)
Interest received	1,146	36
Dividends received	1,801	458
Interest paid	(2,665)	(430)
Income tax paid	-	(853)
Net cash (outflow) from operating activities	(21,409)	(1,690)
Cash flows from investing activities		
Payments for property, plant and equipment	(5,862)	(2,566)
Payments for intangible assets	(214)	-
Payments for available-for-sale financial assets	(3,636)	(3,765)
Purchase of subsidiary, net of cash	(18,306)	-
Loans to unrelated parties	(254)	-
Loan repayments from unrelated parties	12	209
Proceeds from sale of property, plant & equipment	3,752	15
Net cash (outflow) from investing activities	(24,508)	(6,107)
Cash flows from financing activities		
Proceeds from issue of shares	-	7,616
Share issue costs	(32)	(111)
Proceeds from borrowings	52,500	2,607
Repayment of borrowings	(27,438)	-
Finance lease payments	(20)	(10)
Dividends paid (net of dividends reinvested)	-	(876)
Net cash inflow from financing activities	25,010	9,226
Net (decrease) increase in cash held	(20,907)	1,429
Cash at the beginning of the half year	29,276	(886)
Effects of exchange rate changes on cash	1,510	-
Cash at the end of the half year	9,879	543

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report 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 general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by The Maryborough Sugar Factory Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

(b) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

2. SEGMENT REPORTING

The principal activities of the company are the manufacture of raw sugar and investments related to both land and sugar industry infrastructure. The company operates in predominately in one geographic area, being Queensland, Australia.

Primary reporting format – business segments

Half Year 2008	Sugar Milling $	Cane Farming $	Sugar Terminals Limited Investment $	Other $	Consolidated $
Segment revenue					
Sales/other income to external customers	86,908	453	1,801	-	89,162
Intersegmental sales	-	2,559	-	-	2,559
Total segment revenue	86,908	3,012	1,801	-	91,721
Intersegmental elimination					(2,559)
Unallocated revenue					408
Consolidated revenue					89,570
Segment result					
Segment result	5	(1,844)	1,075	(732)	(1,496)
Unallocated revenue less unallocated expenses					(1,536)
(Loss) before income tax					(3,032)
Income tax benefit					5,657
Profit for the year					2,625

Half Year 2007	Sugar Milling $	Cane Farming $	Sugar Terminals Limited Investment $	Other $	Consolidated $
Segment revenue					
Sales/other income to external customers	14,895	222	488	-	15,605
Intersegmental sales	-	1,401	-	-	1,401
Total segment revenue	14,895	1,623	488	-	17,006
Intersegmental elimination					(1,401)
Unallocated revenue					52
Consolidated revenue					15,657
Segment result					
Segment result	(1,089)	(736)	450	(291)	(1,666)
Unallocated revenue less unallocated expenses					(1,598)
(Loss) before income tax					(3,264)
Income tax benefit					1,095
(Loss) for the year					(2,169)

	Notes	Consolidated Half Year 2008 $'000	2007 $'000
3. PROFIT (LOSS) FOR THE HALF-YEAR			
Profit (loss) for the half-year includes the following items that are unusual because of their nature, size or incidence:			
REVENUE			
Revenue from operating activities			
Proceeds from sugar sales		80,661	12,926
Proceeds from molasses sales		3,920	1,886
Proceeds from other operating activities		675	35
Revenue from operating activities		85,256	14,847
Other revenue			
Lease revenue		288	163
Interest received		1,506	36
Dividends received		1,801	488
Rebates and allowances		298	66
Other		421	57
		4,314	810
		89,570	15,657
4. OTHER INCOME			
Net gain on disposal of property, plant and equipment		-	14
Other government grants		66	-
		66	14
5. DIVIDENDS			
Ordinary shares			
Dividends provided for or paid during the half-year		-	(876)

		Consolidated	
		31 December 2008 $'000	30 June 2008 $'000
6.	CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
	Cash on hand and at bank	10,913	12
	Term deposits	-	30,000
		10,913	30,012
	The above figures are reconciled to cash at then of the period as shown in the cash flow statement as follows:		
	Balances as above	10,913	30,012
	Less: bank overdrafts	(1,034)	(737)
	Balances as per cash flow statement	9,879	29,275

		31 December 2008 Number	30 June 2008 Number	31 December 2008 $'000	30 June 2008 $'000
7.	EQUITY SECURITIES ISSUED				
	Issues of ordinary shares during the half year				
	Share placement	12,855,599	18,000,000	25,711	45,800
	Share purchase plan	-	519,225	-	1,505
	Dividend reinvestment plan	-	118,503	-	311
				25,711	47,616
	Less transaction costs of share issues			(32)	(841)
		12,855,599	18,637,728	25,679	46,775

		Consolidated	
		31 December 2008 $'000	30 June 2008 $'000
8.	RESERVES		
	Property, plant and equipment revaluation reserve	23,050	24,399
	Available-for-sale financial assets revaluation reserve	(1,637)	2,416
	Cashflow hedge reserve	(11,142)	1,188
	Share-based payments reserve	625	449
		10,896	28,452

9. FULL YEAR PROFIT (LOSS)

Full year results will reflect the seasonal nature of the sugar industry – principally, recognition of the balance of revenue from the sale of sugar and molasses inventories in the second half, offset by significant maintenance costs.

10. BUSINESS COMBINATION

(a) Summary of Acquisition

On 3 July 2008 the parent entity obtained control of The Mulgrave Central Mill Company Limited through a revised offer for the A-class shares of company.

The acquired business contributed revenues of $64,872,977 and net profit of $5,339,912 to the group for the period from 3 July 2008 to 31 December 2008. If the acquisition had occurred at 1 July 2008, the consolidated revenue and consolidated profit for the half year ended 31 December 2008 would not have been materially different.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	27,828
Shares issued	25,711
Direct costs relating to the acquisition	879
Total purchase consideration	54,418
Fair value of net identifiable assets acquired	53,188
Goodwill	1,230

	Consolidated	
	2008	2007
	$	$
(b) Purchase consideration		
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	28,707	-
Less cash acquired	(10,401)	-
Outflow of cash	18,306	-

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's Carrying Amount $	Fair Value $
Cash	10,401	10,401
Trade and other receivables	904	904
Derivative financial instruments	5,387	5,387
Inventories	6,503	6,503
Prepayments	400	400
Available-for-sale financial assets	8,009	8,009
Deferred tax assets	2,830	2,830
Other non-current assets	150	150
Land	1,372	10,406
Buildings, plant and equipment	29,171	29,171
Trade and other payables	(8,157)	(8,157)
Deferred government grant income	(1,910)	(1,910)
Derivative financial instruments	(3,980)	(3,980)
Employee provisions	(1,411)	(1,411)
Deferred tax liabilities	(4,492)	(5,515)
Net assets	45,177	53,188
Net identifiable assets acquired		53,188

Supplementary Appendix 4D Information

NTA backing

	2008	2007
Net tangible asset backing per ordinary share*	$2.25	$2.18

Additional dividend/distribution information

Details of dividend/distribution declared or paid during or subsequent to the half year ended 31 December 2008 are as follows:

Record Date	Payment Date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
Nil	-	-	-	-	-	-

The dividend or distribution plans shown below are in operation.

Nil

The last date(s) for receipt of election notices for the dividend or distribution plans	Not applicable

Any other disclosures in relation to dividends (distributions).

Nil

Controlled entities acquired or disposed of

(a) During the half year ended 31 December 2008 the parent entity acquired 100% of the issued capital in The Mulgrave Central Mill Company Limited. Details of the acquisition are disclosed in note 10 to the financial statements.

(b) No entities were disposed of during the half year ended 31 December 2008.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance, as represented by the results of their operations and cash flows, for the half year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

J.A. Jackson
Chairman

Brisbane
25 February 2009

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INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of The Maryborough Sugar Factory Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of The Maryborough Sugar Factory Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for The Maryborough Sugar Factory Limited Group (the consolidated entity). The consolidated entity comprises The Maryborough Sugar Factory Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of The Maryborough Sugar Factory, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Maryborough Sugar Factory Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

PricewaterhouseCoopers

Martin Linz
Partner

Brisbane
25 February 2009