



1 May 2018

## **COMPANY UPDATE**

### **CANE SUPPLY**

The crop estimate process has moved into the next phase after receiving returned estimates from growers. A total of 33% of farms had estimates returned (18% in 2017), more than half without adjustment. Overall estimate returns were very close to the estimated tonnages for the desktop estimate. After normal adjustments for unaccounted fallow area and seed cane the milling estimate is 5.09M tonnes. Good growing conditions over the last six weeks have contributed to an improved outlook for the expected 2018 crop. We appreciate the time taken by those who have returned their estimates and maps.

The pre-season harvest management preparation program is slightly behind schedule, however this is being prioritised by the field office team. Harvesting groups that have submitted applications will receive confirmation letters shortly and full harvest packs will be sent out before the start of crushing.

The rollout of the bin delivery and harvest strategy has progressed and consultation sessions have been scheduled with affected harvest groups. All groups that would be supplying the planned dedicated early loading or late loading lines have been included in these consultations. The planned 2018 operating strategy has managed to avoid the adoption of 8pm finishes, for now, through the use of dedicated early (4am start) and late (6pm finish) lines and the establishment of maximum daily line loading limits on some critical lines. We appreciate the cooperation of the harvest sector with this efficiency initiative. As always we will work with individual harvest groups to deal with the exceptional circumstances and to minimise the potential impact/inconvenience this may cause to harvest groups.

### **MILLING OPERATIONS - MACKAY**

The maintenance season is progressing well and the focus is to ensure the three factories are available for the start of crush at the end of May. Maintenance is currently 80% of the scheduled attainment, and due to the shortage of tradespeople, overtime and labour hire are being utilised to manage the personnel shortfall. We are slightly behind schedule and are working to try and catch up the gap. Extra unscheduled works are being completed in the mills to help get a better start to the season.

We are targeting a staggered start to the season from 28 May, weather permitting. With "average" wet weather stops in the season, this start date should see us finish around the third week of November.

The annual refinery shutdown is currently on track for completion early May in readiness for commissioning of factories.

### **MOSSMAN**

Rainfall during March was well above long term average and has generally benefitted the crop in both coastal and Tableland areas. Good rain on the Tableland has ensured water availability for irrigation over the coming year, with Tinaroo Dam level now over 95% of capacity.

The cane railway network was impacted in areas by the heavy rainfall and flooding, with scouring of ballast and river bank damage. Sufficient time is available to either permanently or temporarily rectify damage prior to the season.

Grower estimates have been finalised and have come in marginally above the initial forecast of 1.15M tonnes. A total of 99% of farms had estimates returned (95% in 2017) and we thank the growers for their efforts in this area. The crop continues to grow well.

Factory maintenance works are 65% completed and has slipped slightly behind the target of 68%. Over recent weeks the engineering team have focused on making significant adjustments to the overall scope of the works program and refocusing efforts to critical areas in the front end of the factory.

## **RECAPITALISATION PROCESS**

Various parties have visited Mackay and Mossman to inspect the Company's assets to advance their due diligence process. The parties have committed significant resources to this process. Our staff have provided detailed responses to questions raised and we expect they should finalise their commercial, financial and legal due diligence in the coming weeks. It is expected that the due diligence should be finalised by mid-May.

As I have already advised due to confidentiality agreements in place the Board is not in a position to name any parties involved in the process. As soon as we have something firm to discuss with you another round of shed meetings will be scheduled.

Discussions are continuing with the Mossman/Tableland growers in relation to the acquisition of Mossman mill.

A handwritten signature in black ink, appearing to read 'Mark Day', with a stylized, cursive script.

Mark Day  
EXECUTIVE CHAIRMAN and CEO