

**31 October 2017**

## **COMPANY UPDATE**

### **MILLING OPERATIONS**

The crushing performance for the Mackay mills to date is as follows:-

|            | <b>Tonnes</b> | <b>Availability</b> | <b>PRS</b> |
|------------|---------------|---------------------|------------|
| Farleigh   | 1,278,072     | 80.6%               | 13.33      |
| Marian     | 1,576,610     | 78.2%               | 13.74      |
| Racecourse | 1,201,509     | 87.4%               | 13.96      |

The two day stoppage at Farleigh was successfully managed and executed with all major jobs (primary juice tank change-out, No 1 mill hydraulic drive replacement, cane elevator repairs and blanking of major superheater leaks) completed within the allocated time. There were initial start-up issues, but these were unrelated to any of the shutdown work. The other major stoppage in the period was to change the shredder drive and non-drive end bearings which had both failed earlier than the scheduled change interval. Factory losses are still generally higher than desired but there is some positive progress.

Major stoppages at Marian for the period include the slurry pump on No 3 boiler, a cracked sugar drier trunnion wheel framework and split juice heater delivery pipework. The rate continues to be limited by evaporator and pan stage vacuums. A new vacuum pump has been installed to overcome the issues relating to poor efficiencies in Numbers 3, 5, 8 and 9 pans along with the effert condensers.

Racecourse mill has had good reliability and very good sugar make in this period and recovery has also improved. The new raw water feed system is working well and the mill has reduced its raw water use significantly.

Cogeneration has been very good with the plant producing 20,291 MW's against a budget of 18,800 MW's.

### **CANE SUPPLY**

The crop was cutting at 95.9% of estimate (5.32mt) with 77% of the crop harvested as at the end of Week 20 (22 October). Approximately 86% of the standover had been cut with very little cut over the last few weeks. Growers are reminded of the extension of the waiver of the below 7 PRS and below 75% Purity clause being extended to the 80% crushed mark. The cut:estimate trend has continued on a strong decline however with slight improvement over the last three weeks. The working estimate of 5.1M tonnes was dropped to 5.0M tonnes and will continue to be monitored. The standard end of season four-week notice was issued on 24 October confirming the earliest possible finish date. Progress will be closely monitored over the coming weeks and subject to weather, milling performance and available cane further updates on anticipated finish dates will be provided.

Overall harvest group equity remains reasonable and will be managed over the remaining weeks of the crush by our Field Office team. At this stage it appears that service levels to 6pm groups in terms of equity and on-time deliveries have been in line with other harvest groups. We appreciate the cooperation of the harvest sector in accommodating the changes that have been implemented over the last two seasons.

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Cane transport operations continue to run reasonably well with on-time deliveries over the last month better than target at 85%. The derailments ratio (tonnes hauled per derailment) is currently well above target at 1:21,686 tonnes. However we do expect to see some decline in the ratio with the onset of wet weather. Outside stops excluding rain are well within target for the year as are the daily train separation KPIs.

The current financial year funding allocations for the critical maintenance and capital works in cane supply are being assessed. Based on current estimates it is likely that shortfalls may require the parking up of up to 400 cane bins next season as critical work is carried out on loco drive-train rebuilds and rail bridges. The impact on bin deliveries and spread of harvest hours will require further review.

Logistics operations have run well however some impacts have been felt from recent wet weather especially with mud and ash distribution. Growers who have already purchased mill mud or ash this year will be pleased to note a special offer is available to take up. Any grower who has ordered mud or ash for the 2017 season, up to and including week 20 (week ending 21 October 2017), will be entitled to 10% of invoiced mud or ash loads free of charge. For example, if a grower has been invoiced for 100 loads of mud he will be entitled to the delivery of 10 free loads of mud at no charge. The same scenario applies for ash purchased. This offer expires at the end of this season and any growers who would like to take advantage of the offer are encouraged to contact our Logistics Department. Please note this offer is for growers who have already purchased mill mud or ash only.

The Department has also been working with our Procurement Department on a long-term strategy which culminates in the issuing of a competitive tender incorporating all of the Mackay area logistics contracts. Invited tenderers are expected to submit tenders over the coming weeks which will be evaluated and new contracts will be negotiated commencing at the start of the 2018 crushing season.

## **MOSSMAN**

The twentieth week of crushing at Mossman Mill has just been completed with 796,620 tonnes cane crushed. The toll crushing at Arriga Mill is slowly catching up to budget with a total of 245,378 tonnes crushed to-date, making a grand total of 1,041,598 tonnes for the Mossman district.

Factory plant availability has slightly improved over the last few weeks but issues around the boilers and pan stage continue to affect factory reliability.

At the commencement of Week 20, Mossman and the Tablelands received several days of storms and heavy rain. The coastal area received over 200mm with Julatten receiving over 400mm whilst the Tablelands varied from 35mm in Mareeba to 100mm around Atherton. Crushing ceased on Friday 20 October with plans to re-commence early on Wednesday 25 October. The 2017 season crop estimate has remained at 1,185,000 tonnes – Mossman (882,000 tonnes) and toll (303,000 tonnes). As at the end of week 19 Mossman was 86% complete with the toll mill approximately 77%.

The re-estimated completion dates following the rain are now 13 November (Mossman) and 26 November (toll).

## **ELECTION OF GROWER DIRECTORS**

At the Annual General Meeting held 27 October 2017, the Returning Officer announced the result of the election for two Grower Directors. The results were as follows:-

|                 |           |
|-----------------|-----------|
| L. M. Blackburn | 388 votes |
| V. Germanotta   | 258 votes |
| P. A. Manning   | 382 votes |
| Informal        | 27 votes  |

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The Returning Officer declared Lee Blackburn and Paul Manning elected as Grower Directors.

This result is an indication of the positive support for the Board.

A handwritten signature in black ink, appearing to read "A. S. Cappello". The signature is written in a cursive style with a horizontal line underneath.

A. S. Cappello  
CHAIRMAN