

QSL Pools Update

28-30th November 2012



QSL Pools Update



Agenda

- 2012 Season QSL Managed Pool Updates
- 2013 Season QSL Managed Pool Offerings
- New Forward Season Pools



2012 Season QSL Managed Pools Update



2012 Season Estimated Pool returns

As at 16th November 2012

Pool	Gross A\$ per mt IPS	Shared Pool Allocation	Net A\$ per mt IPS	Percentage Priced
QSL Harvest Pool	\$431.70	(\$1.44)	\$430.26	62%
QSL Discretionary	\$434.00	(\$1.44)	\$432.56	70%
QSL Actively Managed	\$447.24	(\$1.44)	\$445.80	68%
QSL Guaranteed Floor	\$480.71	(\$1.44)	\$479.27	100%
QSL US Quota	\$567.20	(\$108.65)	\$458.55	100%

How to read the Pool price matrix

QSL Harvest Pool Matrix

- Pool 62% priced

Gross Price A\$ per mt IPS	\$431.70	Shared Pool	(\$1.44)	Net Price A\$ per mt IPS	\$430.26
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QSL Harvest Pool price sensitivities A\$ per mt IPS					
AUD/USD exchange rate	ICE 11 Indicator Sugar Price US c/lb				
	17.2	18.2	19.2	20.2	21.2
0.98	423	431	439	447	455
1.03	416	424	432	439	447
1.08	410	418	425	432	440
1.13	405	412	419	426	433

2013 Season QSL Managed Pool Offerings

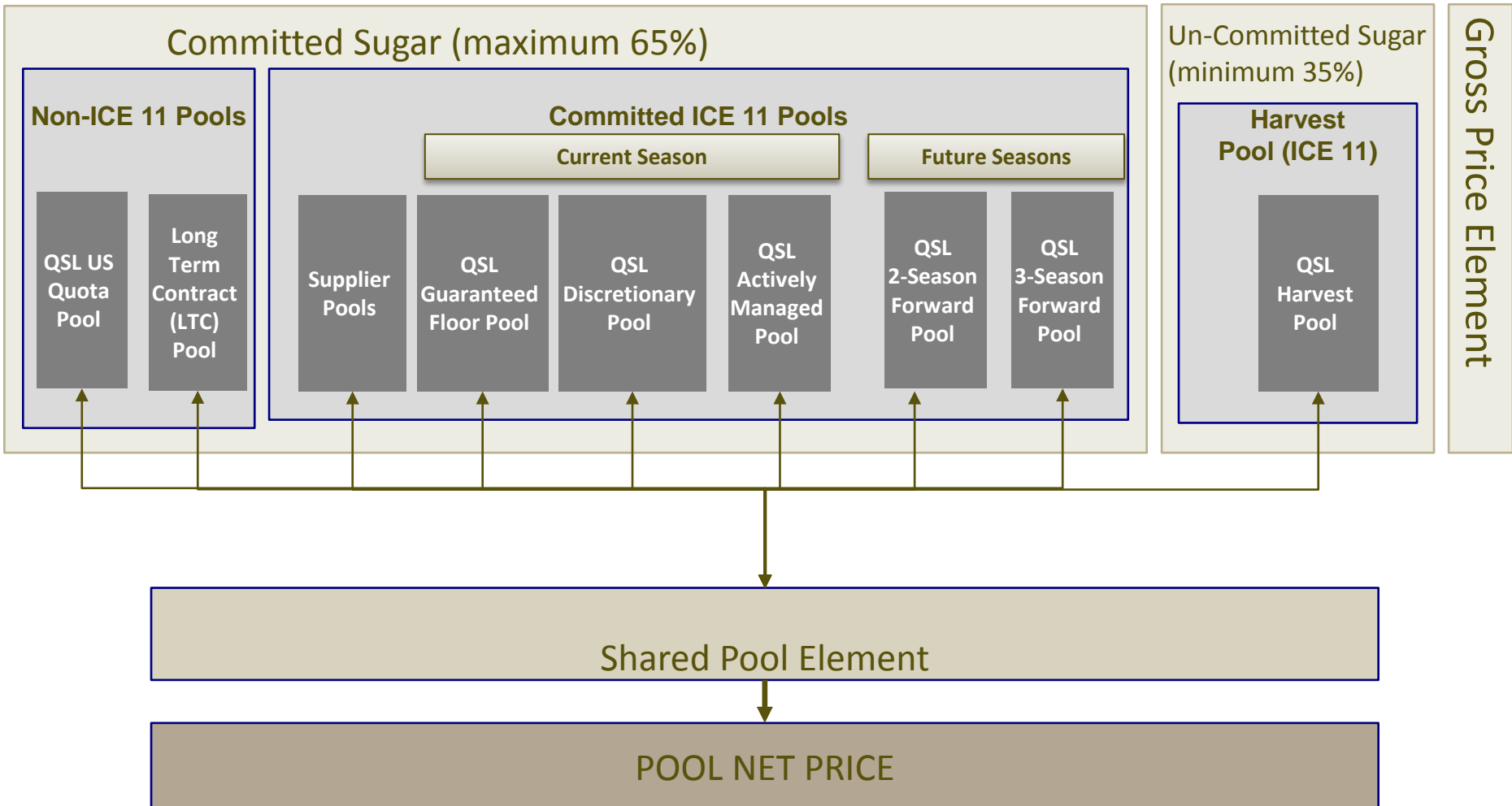


- Documentation for all QSL Managed Pools available from QSL website www.qsl.com.au from 29th November 2012
- Printed pool description documents available from Canegrowers and other representative offices and your mill from 10th December 2012
- Revised QSL RSSA Marketing Guide available mid-January 2013
- Initial information meetings in November/December 2012
- Final round of meetings in January/February 2013
- QSL RSSA pricing declaration date for mills is 28th February 2013
 - Mills may require growers to nominate earlier for administrative reasons

2013 Season QSL Managed Pool Offerings

- Harvest Pool requirements are unchanged
- In-Season Committed Pools (same as 2012 Season)
 - Pricing for crop to be harvested in 2013
 - QSL Guaranteed Floor Pool
 - QSL Discretionary Pool
 - QSL Actively Managed Pool
- Future Season Committed Pools (two new pools)
 - Pricing for crops to be harvested in subsequent years nominated in February 2013
 - 2-Season Forward Pool for 2014 Season
 - Prices sugar for 2014 season over a two season period
 - 3-Season Forward Pool for 2015 Season
 - Prices sugar for 2015 season over a three season period

RSSA Pooling Environment

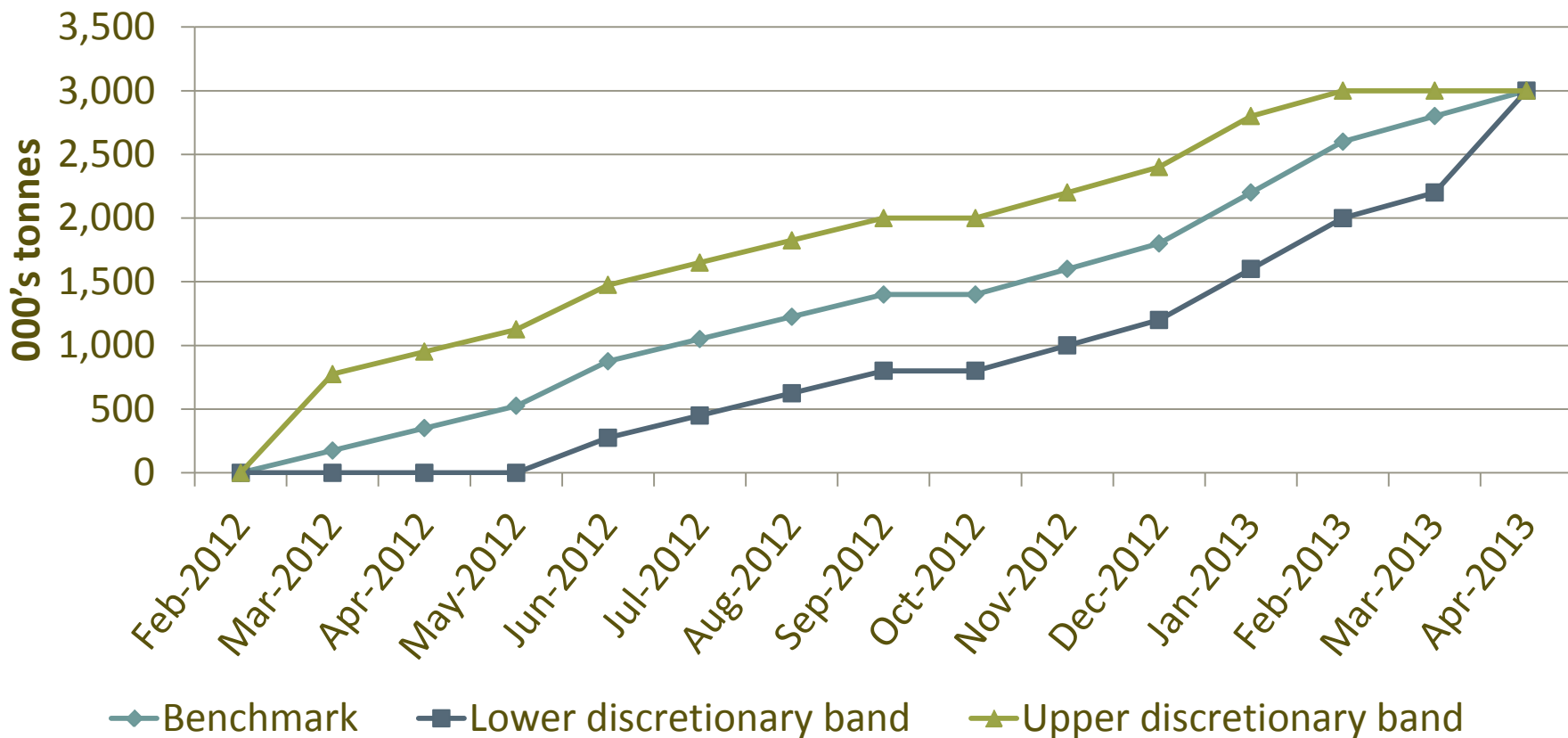


Which Pool has more or less risk?

Neutral profile

- Risk is measured relative to the likelihood that the pool's final price could be more or less than the average market price during season
- Assumes pricing occurs evenly from Pricing Declaration Date over the life of the pool and should achieve the average price of the market
- Risk Factors that affect your returns
 - Your own production risk
 - The production risk of others (others not delivering)
 - Price risk - what happens in the market during the life of the pool
 - Logistics constraints

Pool Manager Discretion and Passive Management Benchmark



- Pricing according to benchmark using no discretion means that the pool should achieve average price of the market during its life
- A pool manager may delay where he has the view that prices may be better later on and vice versa

Overview: ICE 11 Committed Pools

- All carry an obligation to supply nominated fixed amount of raw sugar
- Tonnage commitments deliver certainty
 - Allows for a significant portion of raw sugar to be priced (where appropriate) before the harvest commences
- Priced in 1:2:2 1 ratio
- Pricing may be done by Supplier (maybe on behalf of growers), **or** by QSL in a pooled arrangement
- Either way, pricing can be done years ahead of actual production season
 - i.e. in 2013 there is scope to price out to 2015
- These pools all have a longer pricing window than the Harvest Pool

QSL Pool Offerings

Guaranteed Floor	Discretionary	Actively Managed	2-Season Forward	3-Season Forward	Harvest
Committed	Committed	Committed	Committed	Committed	Uncommitted
provides a guaranteed minimum return with the potential for higher returns	targets the best return over the season	targets the best return over the season by pricing more frequently as short-term market opportunities arise	priced over 2 seasons that targets the best return	Priced over 3 seasons that targets the best return	Designed to manage production variations
Current Season	Current Season	Current Season	Subsequent Season	Subsequent Season	Current Season
Individual Production Risk	Individual Production Risk	Individual Production Risk	Individual Production Risk	Individual Production Risk	Only paid for what is delivered
Collective Risk	Collective Risk	Collective Risk	Collective risk	Collective risk	Collective risk
Low price risk	Moderate price risk	High price risk	High price risk	High price risk	High price risk



Price Risk

- Collective risk is the costs incurred when the Production Buffer fails
- High price risk means potentially **lower or higher** returns

New Forward Season Pools



Key facts:

QSL 2014 2-Season Forward Pool



POOL OBJECTIVE	QSL aims to maximise returns in this pool for the 2014 season by timing pricing decisions over the next 2 seasons to align with more favourable market conditions
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- Allows QSL to price over a 2-season period for sugar delivered in 2014 season
 - Will progressively price 2014 season during the 2013 and 2014 seasons
- Tonnage nominated 12 months prior to actual declaration date
- Even pricing ratio across the marketing year

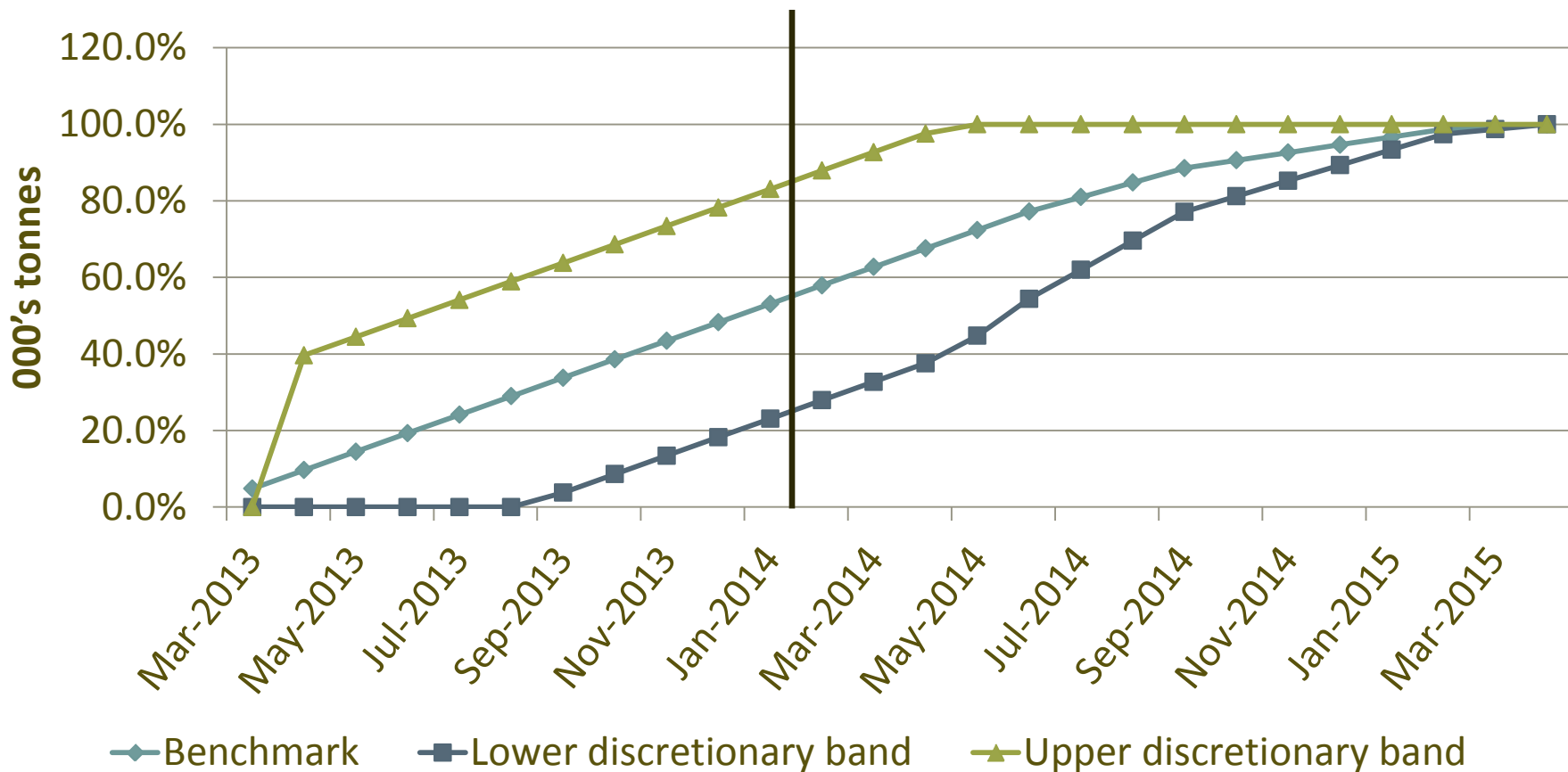
2014 Season	July 2014	Oct 2014	Mar 2015	May 2015
Ratio	1	2	2	1

- Tonnage commitment gives QSL ability to:
 - Price from 28% to 88% of pool in the preceding season (2013) at discretion of QSL
 - Use discretion to price any un-priced tonnage within discretionary limits after declaration date (28 Feb 2014)
 - Limited discretion to reduce pricing to same level as benchmark

QSL 2-Season Forward Pool Management Discretion and Passive Management Benchmark



Normal declaration date for 2014 Season



- A pool manager may delay where he has the view that prices may be better later on and vice versa

Key facts:

QSL 2015 3-Season Forward Pool



POOL OBJECTIVE	QSL aims to maximise returns in this pool for the 2015 season by timing pricing decisions over the next 3 seasons to align with more favourable market conditions
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- Allows QSL to price over a 3-season period for sugar to be delivered in 2015 season
 - Prices progressively during 2013, 2014 and 2015 seasons
- Tonnage nominated 24 months prior to actual declaration date
- Even exposure across marketing year

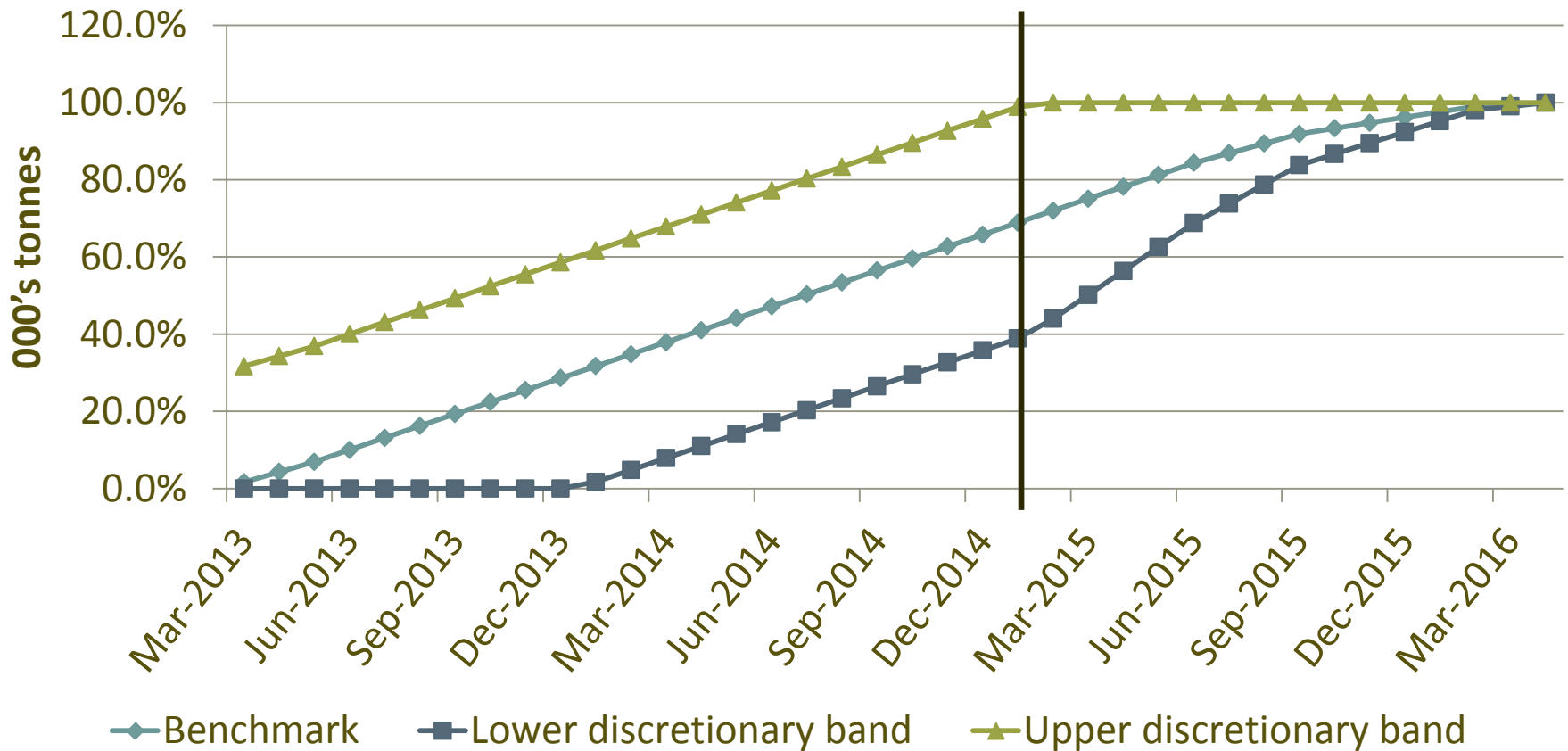
2015 Season	July 2015	Oct 2015	March 2016	May 2016
Ratio	1	2	2	1

- Tonnage commitment gives QSL ability to:
 - Price from 40% to 100% of pool in the preceding 2 seasons (2013 and 2014) at discretion of QSL
 - Use discretion to price any un-priced tonnage within discretionary Limits after declaration date (28 Feb 2015)
 - Limited discretion to reduce pricing to same level as benchmark

QSL 2015 3-Season Forward Pool Management Discretion and Passive Management Benchmark



Normal declaration date for 2015 Season



- A pool manager may delay where he has the view that prices may be better later on and vice versa

Where do I get more information

- Check with your milling company for specifics on how to make a nomination for QSL pools
- Pool description documents are available from your mill or QSL website www.qsl.com.au
- Detailed information is also available in the latest QSL RSSA Marketing Guide which will be on QSL's website from the middle of January 2013