QSL UPDATE WEEK ENDING 28.03.14

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Following 2014 season pricing declarations at the end of February, the QSL pricing team have already started pricing sugar for the 2014 season, capturing some of the recent high sugar prices. We’ll start publishing the 2014 Pool Price Matrices on our website (www.qsl.com.au) at the end of May, which will provide enough time for a decent amount of pricing to be undertaken to provide you with a meaningful value.

The marketing team are also actively engaging with customer to understand their needs for the year ahead and have already made some recent sales. Our Operations team have developed a master plan for the year spanning all six terminals, which includes shipping plans for millers who have elected to sell their economic interest sugar. This plan will be fluid and updated on a regular basis with the mills throughout the year. The teams at each of the terminals are preparing for the upcoming harvest and will continue to blend all the sugar we receive at the terminals so brand quality can be managed and matched to customer preferences.

Cathy and I are looking forward to the upcoming regional show season and the start-up of local branch meetings so that we can provide you with regular updates on how your marketing company is achieving value for you. In the meantime, please see below the latest pool prices for 2013, the current indicative advances program rates for the remainder of the 2013 season and our latest update from Treasurer Stephen Stone.

2013 Season Pool Performance

Prices are indicative only and don’t include a firm value from the QSL Shared Pool. Growers should always consult their mill for information about their individual cane payments.

<table>
<thead>
<tr>
<th>Current as of 14.03.14</th>
<th>2013 Gross</th>
<th>% Priced</th>
</tr>
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<tbody>
<tr>
<td>QSL Harvest Pool</td>
<td>$392</td>
<td>92%</td>
</tr>
<tr>
<td>QSL Discretionary Pool</td>
<td>$398</td>
<td>99%</td>
</tr>
<tr>
<td>QSL Actively Managed Pool</td>
<td>$410</td>
<td>99%</td>
</tr>
<tr>
<td>QSL Growth Pool</td>
<td>$424</td>
<td>93%</td>
</tr>
</tbody>
</table>
**Finance**

*2013 Advances Program*

The indicative Advances program rates for the remainder of the 2013 season are currently as follows:

<table>
<thead>
<tr>
<th>Pay date (Wednesday)</th>
<th>% rate</th>
</tr>
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<tbody>
<tr>
<td>Wed 23 April 2014</td>
<td>87.5%</td>
</tr>
<tr>
<td>Wed 21 May 2014</td>
<td>90.0%</td>
</tr>
<tr>
<td>Wed 25 June 2014</td>
<td>95.0%</td>
</tr>
<tr>
<td>July 2014*</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

*date to be confirmed*

Please note that the program above is indicative only and should not be taken as a commitment by QSL with regard to either the advance rate or date of increase. The program may change during the season, depending on movements in the marketing plan, sugar price and currency movements and the timing of cash flows. Suppliers’ positions in relation to any pricing elections may also impact the timing and size of advance payments.
Market Update

Stephen Stone, QSL Treasurer
Current as of 24 March 2014

Market Commentary

Sugar

Prices in the raw sugar market shifted to a downtrend cycle over the past fortnight, with all 2014 contract months now trading below the US18c/lb. level. The last week has also seen relatively thin volumes, with the majority of sessions suggesting a lack of demand as prices weaken.

The MAY14 contract posted an US18.37 c/lb. high early in the fortnight before a sustained sequence of selling saw it close last Friday at US16.83 c/lb., a full 118 points down on the previous market update.

The period of dry weather in Brazil which provided the market with optimism previously has been tempered somewhat by recent rains. However, the real test will occur once the Brazilian crushing season commences and production numbers reveal the full extent of the damage done by the weather.

The market appears to be at a crossroads with both negative and positive price drivers currently in play. Physical premiums in the raw and refined remain under pressure, highlighting the difficulty in finding homes for the current supply surplus. Projections for the Thai crop remain very optimistic, while the ethanol parity premium is less relevant until the Brazilian crush is more advanced. On the positive front, the market will remain supported by the Brazilian weather premium, whilst many analysts suggest irreversible damage has already been done, with supply implications for the next three crops. Further, weather forecasters are becoming increasingly concerned that an El Nino event in the Northern hemisphere summer is now probable, which could cause drought conditions in Asia and heavy rains in Brazil, hampering production in both regions.

We continue to believe these factors will contribute to a tighter global sugar balance into 2015 which will see prices strengthen into the second half of 2014 and into 2015.
Currency

The Australian dollar continues to prove resilient in the current calendar year and compound recent weak conditions in the sugar market. Despite ongoing geo-political tension in the Ukraine, Chinese shadow banking concerns and further tapering of quantitative easing in the US have been supportive factors for our currency. The market opened the week above the US90 cent level, and threatens to breach resistance at the US92 cent level short-term.

Despite positive conditions in the property market and stronger employment data, the RBA will likely leave interest rates unchanged for the time being as the currency remains stubborn and inflation remains within target range.

Ahead, we sense more frustration for Australian exporters, with currency weakness now less likely until the second half of 2014, when we are likely to see more evidence of a recovering US economy.

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