



10 August 2017

## COMPANY UPDATE

### CANE SUPPLY

The Transport Department recently reached the milestone of being one-year lost time injury (LTI) free. Unfortunately, two of our train crew were seriously injured last week in a road incident on the Bruce Highway due to the highly negligent actions of a third party motorist. Our loco driver remains in a serious but stable condition in hospital and we wish him a full and speedy recovery. Prior to this incident all three of the Cane Supply departments were at 1, 2 and 3 years LTI-free which has been a commendable effort.

The crop is currently cutting at 99.5% of estimate with 31.3% of the crop harvested. Season-to-date non-standover cane is cutting at 98.8% and standover at 101.9% with 67% of the standover cut. Standover has been slightly elevating the overall cut:estimate ratio. The majority of the cane is therefore showing a slight downward trend against estimate. Long-term forecasts are for a reasonable chance of average or above average rain over the next three months. If that forecast holds, the trend would not worsen significantly. However it is evident that the budgeted 5.30M tonnes is at risk. The working crop estimate has therefore been revised down to 5.20M tonnes at this time.

Growers should note that this tonnage is lower than the total farm map consolidated tonnage as summarised on each harvest group's weekly allotment report. Adjustments for seed cane and unallocated fallow area are made outside of the farm map data for the final working crop estimate through the mill rollers. This obviously affects the theoretical allotted finish dates that are also shown on the allotment reports which are over-stated.

Bin deliveries have been close to the on-time target at 81% (target: 82%). Outside stops for the year excluding rain delays are 3.8h/week against a target of 5.0h/week. There are no major concerns at this stage from the impact of reduced day shifts on service levels. The derailments ratio is currently well above target at 1:23,223 tonnes. This above standard performance is thanks to the retention of experienced train crews and dry weather.

Cyclone repairs have been completed. Covering the extent of the repairs in a short space of time has been an admirable effort by the Rail Infrastructure team. The final cost for these repairs was \$1.3M. Shortfalls in rollingstock funding is expected to leave 300 bins out of service for this crushing season. Bin fleet requirements have been assessed against the current transport system needs with the conclusion that the fleet reduction is not expected to have significant impact on service levels to mills and harvest groups at this stage.

### MACKAY OPERATIONS

Total cane crushed for the season to date as at 6 August is 1,625,630 tonnes or 32.26% of the 5,200,000 forecast crop. The three factories have all faced various challenges since the start of the season. Farleigh No 4 boiler blown superheater loops caused significant downtime at in the last month, while a transformer failure and leaking air ducting on No 1 Boiler was cause for lost crushing opportunity at Marian. Racecourse Mill required maintenance time to replace the shredder rotor which had been damaged as a result of a stationary blade coming adrift. Later in the period damage to the apron conveyor caused lost crushing opportunity when a worn board wing was dislodged, causing damage to the length of the conveyor. The major breakdowns have also had detrimental effect on recovery at all factories. We thank the employees who have responded to these breakdowns and worked around the clock to get the factories back up and running.

A poor start to the season has resulted in below budget availability to this point in the season, with good results in the last several weeks. PRS and purity are increasing with the drying out of the cane, and this allows the factories to produce more consistent sugar. Bagasse production has been slightly under target for the start of the season, but has improved greatly and will soon be on budget.

## MOSSMAN OPERATIONS

Mossman has just completed its ninth week of crushing and has crushed 340,932 tonnes of cane which is slightly ahead of its technical budget. The toll crushing at Arriga Mill has continued its steady run with a total of 112,352 tonnes crushed to-date.

The crushing season is 37% complete and the projected finishing date is 11 November based on current performance.

It has been pleasing to see the factory throughput remain relatively consistent over the past four weeks even though there were a couple of major lost-time events in the factory. The cane quality coming into the mill has been quite good and this has reflected on the mill achieving acceptable bagasse moisture figures and export power production.

The coastal crop is continuing its recent trend of cutting at approximately 94% of estimate whilst the Tablelands crop is cutting at approximately 102% of estimate. Based on these current trends, the total crop estimate is now down to 1,216,000 tonnes and of which approximately 328,000 tonnes will be toll crushed.

Factory performance is holding to budget and sugar quality has been consistent and pleasing.

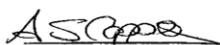
During the past maintenance season a lot of effort was put into the installation of a fractionation plant in the B & W Boiler with the aim to ensure that the boiler stack emissions were compliant to our licence. Last weekend a stack emission test was carried out at Mossman and the results have indicated compliance to our licence. Many thanks to all personnel involved with the work carried out around the boilers.

## GROWERS EMAIL CONTACTS

From time to time, Voting Shareholders who have elected to nominate for the position of Grower Director on the Board have sought to circulate information to the Voting Shareholders prior to the election. Historically, the Company has provided mailing labels for growers to assist in this process. This is now a very costly and slow process and the preference going forward is to utilise growers' email addresses to circulate this information.

If growers do not wish to receive this information via email, they should contact Carmel Grech on 4953 8254, or email to [c.grech@mkysugar.com.au](mailto:c.grech@mkysugar.com.au).

Growers have also queried the timeliness of the delivery of various Corporate communications. Mail deliveries are very slow and generally take three to five days to reach growers. Growers who wish to nominate an email address for Corporate communications should telephone Kerrilee Attard on 4953 8817.



**A.S. Cappello**  
**CHAIRMAN**