TULLY SUGAR LIMITED

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TULLY SUGAR

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MEDIA RELEASE

Monday, 30 June 2014

TULLY CONFIRMS THREE MORE YEARS WITH QSL BEFORE MOVING TOWARDS A NEW MODEL FOR THE FUTURE

Tully Sugar Limited has today confirmed it will continue its arrangements with Queensland Sugar Limited (QSL) for seasons 2014, 2015 and 2016 before it moves towards a new progressive model for the future.

The announcement follows Tully Sugar providing written notice to QSL that as a result of the decisions of Wilmar and MSF Sugar to not extend their agreements, Tully Sugar will not extend its Raw Sugar Supply Agreement (RSSA) beyond 30 June 2017.

Tully Sugar CEO Mr Alick Osborne said that QSL had served the Tully industry well, but it was now in the best interests of all parties to pursue new commercial partnerships.

"Tully Sugar have always been strong supporters of QSL and we are meeting our commitment to continue our agreement with them for the next three years," Mr Osborne said.

"However, the recent decisions by Wilmar and MSF Sugar to terminate their agreements at the end of the 2016 sugar season means that QSL loses more than seventy per cent of its critical export mass and its competitive marketing advantage. This presents unacceptable risks to our business and our growers.

"As we move towards developing new partnerships for season 2017 we will be working closely with all our 240 grower suppliers to build a new commercial framework that provides greater certainty and sustainability.

"Tully Sugar's strong backing by COFCO ensures that we will be able to have in place the capacity to provide the risk management, export marketing, finance and logistics services that are currently provided by QSL.

"The existing RSSA will remain in place for seasons 2014, 2015 and 2016 and we are absolutely committed to ensuring our growers continue to have access to world market prices for the next three years and beyond."

ENDS

For further information please contact:

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