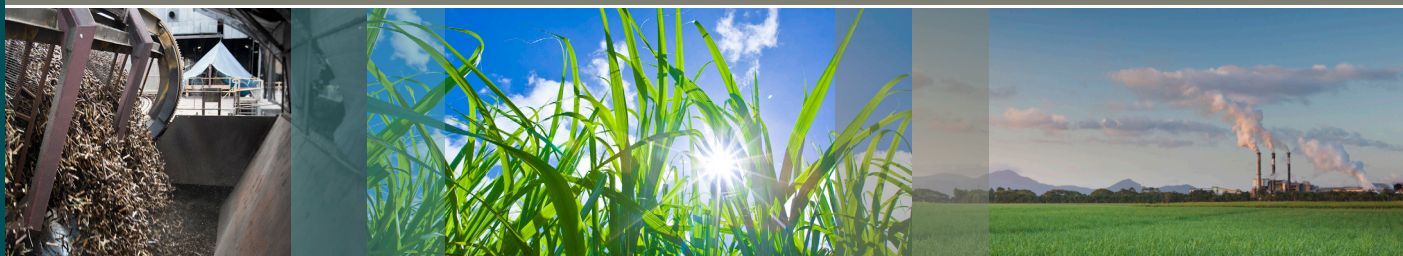


US QUOTA AND ICE#16



Each year the US Government allocates raw sugar import quotas to a range of countries, including Australia.

Under these quotas, raw sugar imports are allowed at a lower tariff rate than would be the case otherwise. This allocation is commonly referred to in our industry as the US Quota. The US uses this system to control and provide protection for its domestic sugar program by limiting the annual reduced-tariff raw sugar import tonnage and therefore supporting domestic sugar prices.

The annual quota period runs between 1 October and 30 September.

Australia is granted a base amount of 87,402 tonnes. This allocation can be increased in the event of non-supply from other quota-eligible countries (e.g. as a result of poor crop) or if the US Government determines that additional imports are required as a result of other supply or demand factors in the US sugar sector.

In Australia the quota system is administered by the Australian Department of Agriculture, which distributes the quota to milling companies based on historical raw sugar production quantities and provides Certificates of Quota Eligibility (CQEs) to the milling companies.

To ensure Australian raw sugar can be imported into the US at the reduced tariff, the Australian exporter must provide the necessary CQE's to match with any shipments made to the USA.

Wilmar shares the price exposure associated with the US Quota with each cane supplier on a prorata basis. The percentage of a grower's Nominal Sugar Exposure allocated to the US Quota matches

with that percentage of a miller's CQEs relative to the total sugar produced by the miller. The total of growers' Nominal Sugar Exposure allocated to fulfil US Quota is managed in the US Quota Pool.

In Australia, the US Quota market is often the most remunerative market for our raw sugar, as shown by a comparison of different QSL pools in the table below.

The US Quota Pool is a "Committed Sugar" pool. Being a committed sugar pool, milling companies must supply the raw sugar regardless of crop variations, and growers must supply the cane underlying the Nominal Sugar Exposure allocated to the US quota pool.

Price management for the US Quota sales are made by either direct fixed-price negotiation with US sugar refinery customers or utilising the Intercontinental Exchange No.16 futures contract (ICE#16). The ICE#16 futures contract is traded solely for the US domestic raw sugar import program. The ICE#16 contract specification differs from the ICE#11 contract in that it is a "Cost, Insurance and Freight" (CIF) style contract rather than the "Free-on-Board" (FOB) style contract. This means that the seller is responsible for shipping the sugar to the refiner customer's port. Consequently, prices quoted on the ICE#16 assume such costs as sea freight and stevedoring at the US port will be met by the seller and is reflected in higher Shared Pool costs as outlined below. This needs to be taken into account when selling sugar to the USA and comparing the ultimate returns with those made into markets using the ICE#11 as the means for establishing trading terms.

One limitation of the ICE#16 futures contract is that it is thinly traded, so it requires careful management when placing futures market orders to avoid placing downward pressure on prices.

2011 Season	Gross	Shared Pool	Net Price	2013 Season	Gross	Shared Pool	Net Price
Actively Managed Pool	\$693.21	\$8.97	\$702.18	Actively Managed Pool	\$409.53	-\$1.66	\$407.87
Seasonal Pool	\$514.89	\$3.27	\$518.16	Harvest Pool	\$390.85	-\$1.66	\$389.19
Guaranteed Floor Pool	\$480.44	\$4.78	\$485.22	Guaranteed Floor Pool	\$393.37	-\$1.66	\$391.71
US Quota Pool	\$701.27	-\$23.31	\$677.96	US Quota Pool	\$484.12	-\$88.50	\$395.62
2012 Season	Gross	Shared Pool	Net Price	2014 Season	Gross	Shared Pool	Net Price
Actively Managed Pool	\$453.75	\$1.03	\$454.78	Actively Managed Pool	\$443.47	- \$3.07	\$440.40
Harvest Pool	\$428.74	\$1.03	\$429.77	Harvest Pool	\$404.95	- \$3.07	\$401.88
Guaranteed Floor Pool	\$481.28	\$1.03	\$482.31	Guaranteed Floor Pool	\$429.38	- \$3.07	\$426.31
US Quota Pool	\$568.17	-\$93.61	\$474.56	US Quota Pool	\$596.86	- \$91.79	\$505.07

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