

PRODUCT SHEET

Number 2 Harvest Sorghum Pool 2011

OBJECTIVE

The number 2 pool has opened with an objective to offer an alternative to sorghum growers in a market which has significantly relaxed since late June 2011. With an ever-changing global grain market, the current outlook for the second half of 2011 is one of lower commodity prices. Whilst cash prices are fixed domestically for an entire parcel of grain, every tonne of sorghum delivered to the pool can be value-added through commodity and port zone spreads as well as by taking advantage of market moves offshore. Every trading premium is distributed directly to pool participants. The pool will be marketed until May 2012, which allows the pool to participate in longer-term hedging tools and gain a broader access to deferred markets.

STRATEGIC DIRECTION

The second pool is well positioned to take advantage of the solid experience from domestic traders Philp Brodie Grains in Toowoomba and the global risk and trading team at Emerald Group Australia in Melbourne. Significantly, the pool is able to draw on the collaborative efforts of two experienced trading teams for trade and arbitrage opportunities, both regionally and globally. This differentiates the pool from any other sorghum buyer in Australia.

The pool is able to utilise strong and well-established domestic and global relationships with end-users to ensure a deliverable pathway for sorghum in the pool. The extensive logistics capability and forward planning of the pool will also realise premiums for delivered markets as road freight continues to tighten in Queensland due to an increase in cotton, cottonseed, coal and grain movements to port.

POOL RETURNS

ESTIMATED FOB POOL RETURN (EPR)		ASSOCIATED DEDUCTIONS	
Grade	Harvest Advance	FOB Adjustments	
Sorghum 1 Gladstone	\$265.00	Gladstone	\$48.89
Sorghum 1 Mackay	\$265.00	Mackay	\$48.78
Sorghum 1 Brisbane	\$265.00	Brisbane	\$49.45
Sorghum 1 Newcastle	\$265.00	Newcastle	\$49.27
Sorghum 2 = -\$10 per mt			

PAYMENT OPTIONS

HARVEST POOL	
HARVEST ADVANCE	Satisfies immediate cash flow to the grower. 70% of payment at harvest, top-up in August and remainder in May.
HARVEST LOAN	Allows flexibility of GST. Loan with no GST, distributions against the loan.
FLEXIBLE LOAN	Allows the grower to manage cash flow timing. Grower can nominate own timing of draw-downs against the loan.
DEFERRED PAYMENT	Allows the grower to manage cash flow for tax purposes. Payment deferred until the next financial year.

UNDERWRITING

An underwriting fee is set at \$2.50 per mt.
Underwriting costs, if applicable, will be deducted from the first advance in full.

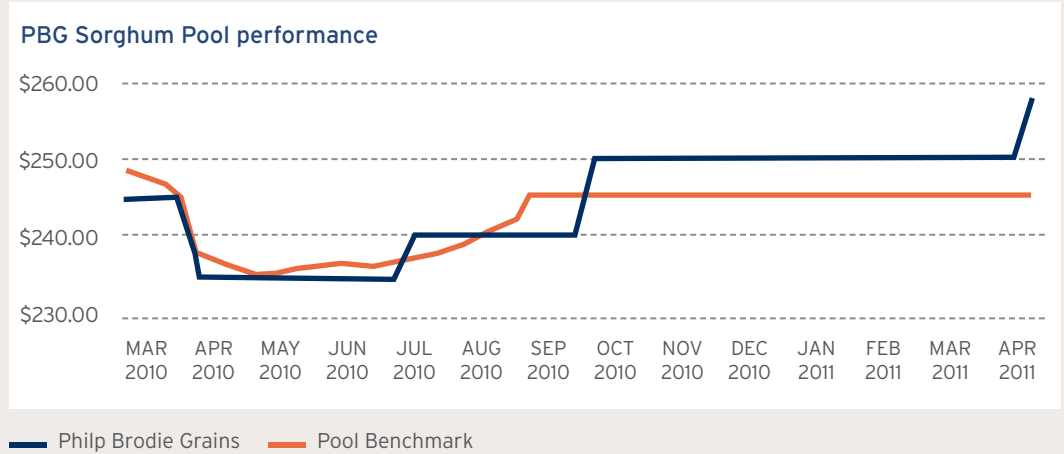
TERMS AND CONDITIONS

Full terms and conditions refer to www.pbgrains.com.au.

PRICING

Sorghum 2010 Pool Benchmark (AUD \$/mt FOB Newcastle)

The 2010 Philp Brodie Grains Sorghum Pool outperformed the pool benchmark, which comprised 50% GrainCorp Sorghum Pool and daily cash bid average from the AWB, Elders and GrainCorp. Growers who participated in the sorghum pool in 2010 were able to participate in strategic market programs with Japan, direct to domestic consumers and derivative trading tools. The pool offered growers the flexibility for ex-farm delivery, storage and payment plans.



Key pool information current as at 5 July 2011. EPR is quoted as a FOB price and is an estimate at the time of print. Philp Brodie Grains calculates the deduction schedule for your payments at the same % as the payment itself, e.g. Based on the Harvest Advance of 70%, all FOB and freight costs are deducted on the same basis. All prices are in AUD and quoted FOB. Delivery locations need to be taken into account.

INTERNATIONAL RELATIONSHIPS

Through Emerald's strategic partner Sumitomo, Philp Brodie Grains grower customers have unrivalled access to the premium Japanese market. Global powerhouse Sumitomo has offices strategically placed in 66 countries across the globe.

Revolutionary financial facilities established to support you - the grower

Philp Brodie Grains and partner Emerald have secured finance through Emerald's landmark syndicated \$475,000,000 Inventory Finance Facility - structured by ANZ as the leading Financier with CBA, HSBC, NAB and Westpac as participant banks.

This harvest, you can depend on Philp Brodie Grains.
For more information, contact your local Philp Brodie Grains representative.



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