

Sucrogen gets chance to sweeten sugar bid

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Total sugar production estimates have declined throughout the season, due to the wet summer in Queensland

Singapore sugar group Wilmar has shown its determination

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SUGAR

SINGAPORE-listed Wilmar International is persisting in its attempts to take over Proserpine Sugar Co-operative in Queensland, despite members failing to vote last month to get the \$115 million proposal over the line.

More than 30 per cent of the 214 Proserpine growers voted against the deal, which needed 75 per cent to be accepted.

Wilmar announced yesterday that it had signed an agreement with the co-operative that would

allow Sucrogen, Wilmar's Australian arm, to make a second offer to be voted on by members.

The confusion has been heightened by the fact that Tully Sugar, owned by the China Oil and Food company, recently topped the first initial Sucrogen offer with a \$120m deal.

When the members recently voted down the initial Sucrogen deal, the Proserpine board argued that the COFCO offer was not sufficiently explained to be put to the members.

COFCO bought the Tully sugar mill in July with plans to widen its production base in Australia.

A complication for the board of Proserpine, the last co-operative mill left in Queensland, is that it had a bad season due to

cyclone and flood damage and owes Sucrogen \$15m on top of a bigger loan to Westpac Bank.

Westpac wants to see its loan to Proserpine cut back to \$35m by the end of October.

The Wilmar statement said Sucrogen had agreed to Proserpine members having a second opportunity to vote on its offer next month and that it would continue its financial support to Proserpine.

"Maintaining our offer will allow Proserpine growers more time to recognise the attractiveness of Sucrogen's offer compared to previous rival offers," Sucrogen chief executive Ian Glasson said.

Meanwhile, peak sugar group Canegrowers announced yesterday that Australia's 2011 sugar

production had again been revised downwards at the halfway point of the crush.

According to the group, total production estimates have steadily declined throughout the season, due to the extraordinary wet summer in Queensland, and may come in below 30 million tonnes. The usual average is between 32 million tonnes and 35 million tonnes.

Canegrowers chief Steve Greenwood said although the weather this season had so far been favourable, growers were still suffering from the big wet.

"A large whack of cane was unable to be crushed last season due to the wet conditions and was left in the fields as standover," he said.

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