

SQP HARVEST WHEAT POOL 2010/11

MARKET & STRATEGY

Market

- Over the last month the global grain market received the eagerly awaited supply and demand direction from the USDA. The dominant corn story continues in the market supporting corn's recent rally. While the USDA has warned of rationing US feed demand, the market remains skeptical and therefore volatile.
- Global grain markets have managed to recover from political unrest in the Middle East and Japanese earthquake related weaknesses.
- US Wheat has recently been supported on weather concerns but is still subject to volatility, evident from the recent round of US fund selling. Despite this, 10/11 Australian wheat has remained stable as milling wheat supplies remain tight and feed wheat is supported by the corn story.

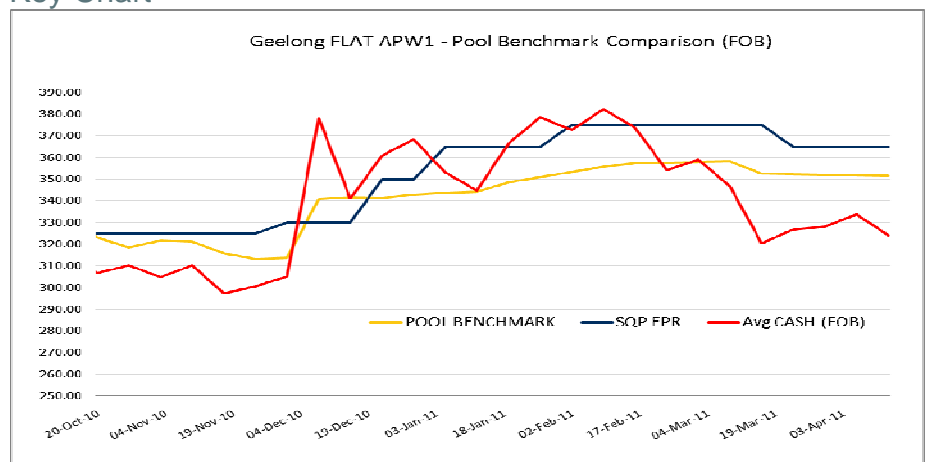
Strategy

- > With the challenges of the WA drought and East Coast quality downgrades now known and behind us, the 10/11 pool is well placed to capture future market opportunities.
- > The predominant feed wheat strategy on the East Coast is participating in the supportive corn story and the focus remains on efficient execution of congested domestic and FOB export markets. Value adding is also being achieved with offshore futures and options hedges.
- > Hard wheat markets in SA and WA are capturing premiums from inelastic (traditional) Middle Eastern and Asian buyers in which Emerald is a predominant player. The strategy remains to have the majority of these stocks marketed prior to Northern Hemisphere competition surfacing later in the year.

Pricing

- > The strategy continues to remain patient on our feed wheat program utilising better value offshore hedges and remaining relatively underpriced.
- > As highlighted in the Strategy above pricing is being increased on our milling wheat position over recent and upcoming months.
- > SQP continues to have options strategies in place to protect against adverse downward price movements.

Key Chart



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The payment and amount set out in the cash flow information is indicative only, and no guarantee is given that payment will be made for the amount or in the month stated.

Strategy
Update

APRIL 2011

HIGHLIGHTS

Returns Unchanged

KEY INFORMATION

| Pool return based on APW | Current EPR | Inc. EOP* |
|--------------------------|-------------|-----------|
| Current Pool Return | \$355 | \$371 |
| March 2011 Pool Opening | \$285 | \$301 |
| December 2010 Return | \$320 | - |

OTHER KEY GRADES

| Grade | Current EPR | Inc. EOP* |
|-------|-------------|-----------|
| H2 | \$380 | \$396 |
| APW | \$355 | \$371 |
| ASW | \$315 | \$331 |
| AGP | \$290 | \$306 |
| AH9 | \$270 | \$286 |
| SFW | \$255 | \$271 |
| FEED | \$245 | \$261 |

*Based on April EOP figures

CASHFLOW INFORMATION

| Next Payment Date (basis APW1) | Approx. Amount# |
|---|-----------------|
| Harvest Advance (March Top Up) - completed | \$42.50 |
| Distributions (April First Payment) - completed | \$77 |
| Deferred (July Payment) | \$226 |

Contact SQP

03 5070 1000 Sea Lake | 121 Best Street
 03 5381 0512 Horsham | Grains Innovation Park 110 Natimuk Road
 03 5331 4943 Ballarat | 72B Mair Street East
www.sqpgrain.com.au | admin@sqpgrain.com.au

