SUGAR TERMINALS LIMITED ABN 44 010 779 496
Annual report – 30 JUNE 2005

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SUGAR TERMINALS LIMITED
Corporate directory

Directors

MD Brown
Chairman

MR Day

JF Hesp

J Grasso

S Guazzo

Secretary

R B Farquhar

Notice of Annual General Meeting

The annual general meeting of SUGAR TERMINALS LIMITED

will be held at the office of Queensland Sugar Ltd, North Podium Level 192 Ann Street, Brisbane Q4000

Time: **10.00am**

Date: **27 October 2005**

Principal registered office in Australia	North Podium Level, Mincom Central 192 Ann Street, Brisbane QLD 4000
Share and debenture registers	Sugar Terminals Limited Share Registry C/- ASX Perpetual Registrars Level 22 / 300 Queen Street, Brisbane QLD 4000 GPO Box 35, Brisbane QLD 4001
Auditor	PricewaterhouseCoopers GPO Box 150 Brisbane QLD 4001
Solicitors	Clayton Utz GPO Box 55 Brisbane QLD 4001
Bankers	National Australia Bank Capital Office Ground Floor, 308 - 322 Queen Street Brisbane QLD 4000
Stock exchange listing	Sugar Terminals Limited "G" class shares are listed on the Newcastle Stock Exchange.
Website	www.sugarterminals.com.au

Your directors present their report on the entity of Sugar Terminals Limited for the year ended 30 June 2005.

Directors
The following persons were directors of Sugar Terminals Limited during the whole of the financial year and up to the date of this report:

Mr Michael D Brown
Mr Mark R Day
Mr John Grasso
Mr Stephen Guazzo

Mr James F Hesp was elected a director on 22 October 2004 and continues in office at the date of this report.
Mr Alfio J Musumeci was a director from the beginning of the financial year until his resignation on 22 October 2004.

Principal activities
During the year the principal continuing activities of the entity consisted of:
(a) Ownership of bulk sugar terminal assets;
(b) Protection of the bulk sugar terminals;
(c) Managing, development and financing of bulk sugar terminals;
(d) Negotiating long term leases with Port Authorities;
(e) Managing the sublease of the terminals to Queensland Sugar Ltd.

Comparative financial information

	2005	2004	2003	2002	2001
	$'000	$'000	$'000	$'000	$'000
					(10 months)
Financial performance					
Revenue from ordinary activities	**43,485**	39,982	33,254	31,976	25,964
Net profit attributable to members of STL	**18,964**	16,813	14,390	14,134	9,708
Financial position					
Current assets	**22,520**	12,072	6,341	53,086	38,689
Non-current assets	**382,031**	393,186	385,723	342,072	347,519
Current liabilities	**(25,560)**	(20,238)	(7,368)	(25,248)	(15,904)
Non-current liabilities	**(27,314)**	(37,907)	(39,996)	-	-
Net assets	**351,677**	347,113	344,700	369,910	370,304

Dividends – Sugar Terminals Limited
Dividends provided for or paid to members during the financial year were as follows:

	2005	2004
	$'000	$'000
Final ordinary dividend for the year ended 30 June 2004 of 2 cents per share, (2004 - 4¢ per share), fully franked, paid on 15 December 2004.	**7,200**	14,400
On 24 May 2005, Directors declared an interim dividend of 2 cents paid share, fully franked based on tax paid of 30% to be paid on 5 July 2005 out of profits for the year ended 30 June 2005.	**7,200**	-
	14,400	14,400

Since the end of the financial year the directors have determined that a final ordinary dividend of $18 million (five cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 15 December 2005 out of retained profits at 30 June 2005 to shareholders whose names are entered on the Register on 2 December 2005.

Review of operations
There were no material changes to the company's operations during the year.

Earnings per share	**2005 Cents**	2004 Cents
Basic earnings per share	**5.26**	4.67

Significant changes in the state of affairs
In the opinion of the Directors, there were no significant changes in the state of affairs of the Company during the financial year under review.

Matters subsequent to the end of the financial year
Under the terms of the sublease with QSL the parties were required to have a review of the rental arrangements and treatment of maintenance effective from 1 July 2005. This review has been satisfactorily completed since the end of the financial year.

Except as set out above, no matter or circumstance has arisen since 30 June 2005 that has significantly affected, or may significantly affect:
(a) the entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the entity's state of affairs in future financial years.

Likely developments and expected results of operations
The likely developments in the operations of the Company and the expected results of those operations in future financial years are as follows:

The construction of the new storage facility at Townsville which is being managed by Queensland Sugar Ltd (QSL) as agent for the entity is still incomplete.

On 10 December 2004, the entity received a statement of claim from Walter Construction Group (Walter) claiming $15.01 million as damages pursuant to the Trade Practices Act, or alternatively, various claims for moneys due under the contract amounting to $18.96 million excluding interest.

On 2 February 2005, Walter appointed administrators following an announcement by its parent, Walter Bau, that it was filing for insolvency in Germany. On 30 March 2005 the company was placed in liquidation.

The action is presently stayed and it is not known whether the liquidator or some other party will proceed with the action.

The claim is denied by STL and, if it proceeds, it will be strenuously defended. A counter claim will also be lodged.

Experts reports are being evaluated to determine the best method of rectifying various defective works.

STL is managing the dispute in conjunction with QSL and, at this time, it is not possible to estimate the timing or the quantum, if any, of any future liability in relation to the claim, or the costs to rectify defective works.

Environmental regulation
Queensland Sugar Limited, manager of the Bulk Sugar Terminal Assets under a sub-lease arrangement with the Company, takes responsibility for the environmental impact of the Terminals and holds the environmental licences under the Environmental Protection Act 1994.

Information on directors
Michael D Brown
Qualifications and Experience
Fellow of the Institute of Chartered Accountants. Director: Energex Retail Pty Ltd (Chairman).

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
Grainco Australia Ltd (until 1 October 2003)

Special Responsibilities
Chairman of the Board

Mark R Day
Qualifications and Experience
Bachelor of Applied Science (Mathematics). General Manager Burdekin Mills, CSR Limited. Director: Australian Molasses Trading, CSR Sugar Kalamia Pty Ltd, CSR Pioneer Sugar Pty Ltd, CSR Sugar Invicta Pty Ltd, The Haughton Sugar Company Pty Ltd, Pioneer Sugar Mills Pty Ltd and Glendale Ltd.

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
None

Special Responsibilities
Director (Non-Executive)
Member of Audit & Risk Committee

John J Grasso
Qualifications and Experience
Management of family cane farm and commercial leasing business.

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
None

Special Responsibilities
Director (Non-Executive)

Interest in shares and options
447,490 "G" class shares in Sugar Terminals Ltd.

Stephen Guazzo
Qualifications and Experience
Third generation cane grower. Deputy Chairman Herbert Canegrowers Executive. Director of Queensland Canegrowers Limited. Director Herbert Canegrowers Co-op Society.

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
None

Special Responsibilities
Director (Non-Executive)
Member of Audit & Risk Committee

Interest in shares and options
256,020 "G" class shares in Sugar Terminals Ltd.

James F Hesp
Qualifications and Experience
Fellow of the Institute of Company Directors. Chairman of Directors Mulgrave Central Mill. Director: Australian Sugar Milling Council. Chairman Northern Sugar Milling Council. Sugar cane grower and harvesting contractor Mulgrave mill area.

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
None

Special Responsibilities
Director (Non-Executive)

Interest in shares and options
240,655 "G" class shares in Sugar Terminals Ltd.

None of the directors has a service contract with the Company.

Company secretary

The Company Secretary and General Manager is Mr Richard Farquhar B.Com CA FCIS. Mr Farquhar was appointed to this position in October 2003. Prior to joining Sugar Terminals Ltd he was the CFO and Company Secretary of the Australian subsidiary of a US listed public company for twenty years up to 1998 and in the interim period worked for insolvency practitioners managing businesses during insolvency administration.

Meetings of directors
The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2005, and the numbers of meetings attended by each director were:-

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS AUDIT & RISK COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Michael D Brown	8	8		
Mark R Day	9	9	2	2
John J Grasso	9	9		
Stephen Guazzo	9	9	3	3
James F Hesp	4	4		
Alfio J Musumeci	5	4	1	1

Remuneration Report
Principles used to determine the nature and amount of remuneration
The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

In consultation with external remuneration consultants, the company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2003, and has not been increased since 2000.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum aggregate amount currently stands at $200,000.

Retirement Allowances for Directors
Non-executive directors are not entitled to retirement allowances.

Executive pay
The executive pay and reward framework has two components:
- base pay and benefits
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay
The executive is offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay is reviewed annually to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases fixed in the executive's contract.

Benefits
The executive receives a car parking benefit.

Details of remuneration
Details of the remuneration of each director of Sugar Terminals Holdings Limited and the only executive, are set out in the following tables.

Directors of Sugar Terminals Ltd

	Primary	**Post-Employment**	**Equity**	
Name	**Cash fees**	**Superannuation**		**Total**
	$	**$**	**$**	**$**
MD Brown	55,000	4,950	-	59,950
MR Day	20,000	-	-	20,000
JJ Grasso	20,000	1,800	-	21,800
S Guazzo	20,000	1,800	-	21,800
JF Hesp	13,804	1,242		15,046
AJ Musumeci	6,196	-	-	6,196
Total	135,000	9,792		144,792

Executive of Sugar Terminals Ltd

	Primary	**Post-Employment**	**Equity**	
Name	**Cash salary**	**Superannuation**		**Total**
	$	**$**	**$**	**$**
RB Farquhar	126,866	11,420	-	138,306

Service agreements
Directors are elected for a term of three years and do not have service agreements.

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporationn Act 2001* is set out on page 12.

	2005	2004
	$	$
During the year the following fees were paid for services provided by the auditor of the company, its related practices and non-related audit firms:		
Assurance Services		
1. Audit Services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*		
- Half year review	**12,000**	-
- Year end audit	**37,200**	37,200
	49,200	37,200
2. Other assurance services		
PricewaterhouseCoopers Australian firm:		
Supervisor's review of exempt stock market	**-**	8,250
Supervision of election count at AGM	**-**	1,500
Other	**-**	805
Total remuneration for other assurance services	**-**	10,555
Toal remuneration for assurance services	**49,200**	47,755
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	**-**	2,445
FBT advice	**-**	150
Total remuneration for taxation services	**-**	2,595
Advisory services		
PricewaterhouseCoopers Australian firm:		
Preparation of paper on WACC calculation	**-**	5,000
Discussion and research on stamp duty	**350**	-
Total remuneration for advisory services	**350**	5,000

Corporate Governance

The Board of Directors is responsible for the overall direction of STL business and affairs on behalf of the company. In running STL for the benefit of all shareholders, the Board and management act within the framework of requirements, expectations and interests of customers and communities.

Major policy decisions are a matter for the Board as a whole. The Audit and Risk Committee is the Board's only standing committee. It comprises Directors Mr S Guazzo and Mr M R Day. The functions of the committee are to keep the following matters under review and report to the STL Board as appropriate.

- quality of external audits
- accounting procedures and reporting
- adequacy of accounting controls
- financial investment planning and reporting
- compliance with legislation
- maintenance of records and minutes
- identification of risk
- insurance of STL assets
- maintenance of STL assets

Top 10 shareholders
Lists of the top 10 'G' class shareholders and the top 10 'M' class shareholders as at the date of this report are set out below.

'G' class shareholders

Shareholder	*Number of Shares*
Vixbridge Pty Ltd	13,688,202
Bundaberg Sugar Ltd	4,143,359
James Thomas Barns	1,223,545
CSR Limited	1,111,343
Anthoan Pty Ltd	822,783
Constantine J Christofides & Constantine A Christofides & Arthur C Christofides & John Constantine Christofides <Christofides Bros Trust A/C>	595,753
Peter Stephen Montafia	483,470
The Maryborough Sugar Factory	460,491
John Joseph Grasso	447,490
Cvjetanovic Enterprises Pty Ltd	446,680

'M' class shareholders

Shareholder	*Number of Shares*
CSR Limited	48,324,003
Bundaberg Sugar Ltd	26,828,437
Mackay Sugar Co-operative Association Limited	26,064,452
Tully Sugar Limited	6,016,179
Proserpine Co-operative Sugar Milling Association Limited	5,986,952
The Mulgrave Central Mill Company Limited	5,827,071
Isis Central Sugar Mill Co Ltd	4,085,698
Mossman Central Mill Company Limited	3,678,770
The Maryborough Sugar Factory Limited	2,270,124
W H Heck & Sons Pty Limited	1,570,111

Insurance of officers
Premiums have been paid in respect of policies of insurance for current and former Directors and officers. Disclosure of the nature of the liabilities insured by these contracts and the premiums paid under these contracts of insurance is prohibited by the terms of the contracts.

Proceedings on behalf of company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

MD Brown
Brisbane
8 September 2005

S. Guazzo
Brisbane
8 September 2005

PRICEWATERHOUSECOOPERS

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Auditors' Independence Declaration

As auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sugar Terminals Limited during the period.

R J Roach
Partner
PricewaterhouseCoopers

Brisbane
8 September 2005

SUGAR TERMINALS LIMITED
Financial report – 30 JUNE 2005

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Sugar Terminals Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Sugar Terminals Limited
North Podium Level, Mincom Central
192 Ann Street
BRISBANE QLD 4000

A description of the entity's operations and its principal activities is included in the review of operations and activities on pages 4 - 5 in the directors' report which is not part of this financial report.

SUGAR TERMINALS LIMITED
Statement of financial performance
For the year ended 30 JUNE 2005

	Notes	2005 $'000	2004 $'000
Revenue from ordinary activities	3	**43,485**	39,982
Depreciation and amortisation expenses	4	**11,356**	10,468
Professional fees expense		**360**	299
Insurance expense		**977**	1,215
Borrowing costs expense	4	**2,791**	3059
Other expenses from ordinary activities		**699**	712
Profit from ordinary activities before related income tax expense		**27,302**	24,229
Income tax expense	5	**8,338**	7,416
Net profit attributable to members of Sugar Terminals Limited	19	**18,964**	16,813
Total changes in equity attributable to members of Sugar Terminals Limited other than those resulting from transactions with owners as owners		**18,964**	16,813
		Cents	Cents
Basic earnings per share	30	**5.26**	4.67

The above statement of financial performance should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED
Statement of financial position
As at 30 JUNE 2005

	Notes	**2005 $'000**	2004 $'000
Current assets			
Cash assets	6	**21,864**	11,140
Receivables	7	**77**	143
Deferred tax assets	10	**11**	11
Other	8	**568**	778
Total current assets		**22,520**	12,072
Non-current assets			
Property, plant and equipment	9	**381,822**	392,903
Other	11	**209**	283
Total non-current assets		**382,031**	393,186
Total assets		**404,551**	405,258
Current liabilities			
Payables	12	**4856**	6,898
Interest bearing liabilities	13	**11,250**	11,250
Current tax liabilities	14	**2,254**	2,090
Provision for dividend	15	**7,200**	-
Total current liabilities		**25,560**	20,238
Non-current liabilities			
Interest bearing liabilities	16	**22,500**	33,750
Deferred tax liabilities	17	**4,814**	4,157
Total non-current liabilities		**27,314**	37,907
Total liabilities		**52,874**	58,145
Net assets		**351,677**	347,113
Equity			
Parent entity interest			
Contributed equity	18	**330,228**	330,228
Retained profits	19	**21,449**	16,885
Total equity	20	**351,677**	347,113

The above statement of financial position should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED
Statement of cash flows
For the year ended 30 JUNE 2005

	Notes	2005 $'000	2004 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**46,987**	43,618
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,056)**	(2,100)
		44,931	41,518
Interest received		**847**	315
Borrowing costs		**(2,532)**	(3,759)
Income taxes paid		**(11,433)**	(9,137)
Net cash inflow from operating activities	29	**31,813**	28,937
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,639)**	(14,571)
Proceeds from sale of property, plant and equipment		**-**	23
Net cash inflow (outflow) from investing activities		**(2,639)**	(14,548)
Cash flows from financing activities			
Borrowings received (repaid)		**(11,250)**	8,400
Dividends paid		**(7,200)**	(14,400)
Net cash inflow (outflow) from financing activities		**(18,450)**	(6,000)
Net increase (decrease) in cash held		**10,724**	8,389
Cash at the beginning of the financial year		**11,140**	2,751
Cash at the end of the financial year	6	**21,864**	11,140

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Note 1 Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(b) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(c) Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.
Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement in no more than 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(e) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate.

Note 1 Summary of significant accounting policies (continued)

(f) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land and investment properties) over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	7 - 80 years

(g) Non-current assets constructed by entity

The cost of non-current assets constructed by the entity includes the cost of all materials used in construction, direct labour on the project, borrowing costs incurred during construction and an appropriate proportion of variable and fixed overheads.

Borrowing costs included in the cost of non-current assets are those costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(h) Trade and other creditors

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Interest bearing liabilities

Loans and debentures are carried at their principal amounts that represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(j) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(k) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(l) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets - refer notes 1(g).

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- finance lease charges, and
- certain exchange differences arising from foreign currency borrowings.

Note 1 Summary of significant accounting policies (continued)

(m) Cash
For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(n) Earnings per share
(i) Basic earnings per share
Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(o) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The entity has appointed the General Manager to manage the transition to Australian equivalents to AIFRS, including internal control changes necessary to gather all the required financial information. The General Manager reports to the audit committee. A detailed timetable for managing the transition has been prepared and is currently on schedule.

For major changes identified to date that may be required to the company's existing accounting policies refer to note 32.

(p) Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 2 Segment information

Business segments
The entity operates in one industry, being the sugar industry and in one geographical segment, being Queensland, Australia.

Note 3 Revenue

	2005 $'000	2004 $'000
Revenue from operating activities		
Rental revenue	**42,596**	39,659
	42,596	39,659
Revenue from outside the operating activities		
Interest	**847**	315
Other revenue	**42**	8
	889	323
Revenue from ordinary activities	**43,485**	39,982

Note 4 Profit from ordinary activities

	2005 $'000	2004 $'000
Net gains and expenses		
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:		
Expenses		
Depreciation		
Plant and equipment	**11,356**	10,468
Total depreciation	**11,356**	10,468
Borrowing costs		
Amount capitalised at 1 July 2004	**283**	301
Interest and finance charges paid/payable	**2,717**	3,041
Amount capitalised at 30 June 2005	**(209)**	(283)
Borrowing costs expensed	**2,791**	3,059
Net loss on disposal of property, plant and equipment	**107**	176
Defined contributions superannuation expense	**21**	15

Note 5 Income tax

	2005 $'000	2004 $'000
Income tax expense		
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	**27,302**	24,229
Income tax calculated @ 30% (2004 – 30%)	**8,191**	7,269
Tax effect of permanent differences:		
Non-deductible depreciation and amortisation	**152**	152
Sundry items	**(5)**	(5)
Income tax adjusted for permanent differences	**8,338**	7,416
Under (over) provision in previous year	**-**	-
Aggregate income tax expense	**8,338**	7,416
Aggregate income tax expense comprises:		
Current taxation provision	**7,681**	6,623
Deferred income tax provision	**657**	798
Future income tax benefit	**-**	(5)
Under (over) provision in prior year	**-**	-
	8,338	7,416

Note 6 Current assets – Cash assets

	2005 $'000	2004 $'000
Cash at bank and on hand	**21,864**	11,140
	21,864	11,140
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	**21,864**	11,140
Balances per statement of cash flows	**21,864**	11,140

Note 7 Current assets – Receivables

	2005 $'000	2004 $'000
Trade debtors	**33**	9
Other debtors	**44**	134
	77	143

Note 8 Current assets – Other

	2005 $'000	2004 $'000
Prepayments	**568**	778
	568	778

Note 9 Non-current assets – Property, plant and equipment

	2005 $'000	2004 $'000
Land		
Leasehold land at cost	**16,975**	16,975
Total land	**16,975**	16,975
Buildings, Plant and equipment		
At cost	**415,091**	414,880
Less: Accumulated depreciation	**(50,244)**	(39,027)
Total plant and equipment	**364,847**	375,853
Capital Works in Progress	**-**	75
	381,822	392,903

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Freehold land $'000	Buildings Plant and equipment $'000	In course of construction $'000	Total $'000
Carrying amount at 1 July 2004	16,975	375,853	75	392,903
Additions	-	354	28	382
Disposals	-	(107)	-	(107)
Transfers	-	103	(103)	-
Depreciation/amortisation expense (note 4)	-	(11,356)	-	(11,356)
Carrying amount at 30 June 2004	16,975	364,847	-	381,822

Note 10 Non-current assets – Deferred tax assets

	2005 $'000	2004 $'000
Future income tax benefit	**11**	11

Note 11 Non-current assets – Other

	2005 $'000	2004 $'000
Borrowing costs	**209**	283

Note 12 Current liabilities – Payables

	2005 $'000	2004 $'000
Trade creditors	**270**	526
Other creditors	**4,586**	6,372
	4,856	6,898

Note 13 Current liabilities – Interest bearing liabilities

	2005 $'000	2004 $'000
Secured		
Bills payable	**11,250**	11,250
	11,250	11,250

Bills payable
Bills have been drawn in terms of a bank Facility Agreement which retires in June 2008. Details of securities and further information on the facility are set out in note 16.
The current interest rate is 6.772%.

Note 14 Current liabilities – Current tax liabilities

	2005 $'000	2004 $'000
Income tax	**1,958**	1,800
GST	**273**	273
PAYG	**23**	17
	2,254	2,090

Note 15 Current liabilities – Provision for dividend

On 24 May 2005, Directors declared an interim dividend of $7.2 million (2 cents per share), fully franked, on tax paid at 30% to be paid on 5 July 2005 out of profits for the year ended 30 June 2005.

Note 16 Non-current liabilities - Interest bearing liabilities

	2005 $'000	2004 $'000
Bank Bill Facility		
Total facility	**33,750**	45,000
Unused at balance date	**-**	-
Used at balance date	**33,750**	45,000
Repayable within 12 months	**11,250**	11,250
	22,500	33,750

The bank bill facility is secured by

- Mortgages of leases of areas A and B land at Townsville.
- Fixed charge over the company's assets at Townsville.
- Fixed and floating charge over all of the company's assets and undertaking, excluding its interests in the leases and sub-leases of land at the ports of Cairns, Mourilyan, Lucinda, Bundaberg, Brisbane and Mackay.

The current interest rate is 6.772% (2004 – 6.725%).

Note 17 Non-current liabilities – Deferred tax liabilities

	2005 $'000	2004 $'000
Provision for deferred income tax	**4,814**	4,157

Note 18 Contributed equity

		2005 $'000	2004 $'000
(a)	**Share capital**		
	Ordinary shares		
	Fully paid	**330,228**	330,228

(b) Movements in ordinary share capital

	2005 $'000	2004 $'000
Opening balance	**330,228**	330,228
Movement	**-**	-
Closing balance	**330,228**	330,228

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

At 30 June 2005 there were 360 million ordinary shares fully paid, consisting of:

"G" class ordinary shares	229,348,203
"M" class ordinary shares	130,651,797
	360,000,000

Note 19 Reserves and retained profits

	2005 $'000	2004 $'000
Retained profits		
Retained profits at the beginning of the financial year	**16,885**	14,472
Net profit attributable to members of Sugar Terminals Limited	**18,964**	16,813
Dividends provided for or paid	**(14,400)**	(14,400)
Retained profits at the end of the financial year	**21,449**	16,885

Note 20 Equity

	2005 $'000	2004 $'000
Total equity at the beginning of the financial year	**347,113**	344,700
Total changes in equity recognised in the statement of financial performance	**18,964**	16,813
Transactions with owners as owners:		
Dividends paid	**(7,200)**	(14,400)
Provision for dividend	**(7,200)**	-
Total equity at the end of the financial year	**351,677**	347,113

Note 21 Dividends

	2005 $'000	2004 $'000
Ordinary shares		
Final dividend for the year ended 30 June 2004 of 2 cents (2004 – 4 cents) per share paid on 15 December 2004.		
Fully franked based on tax paid @ 30%	**7,200**	14,400
Interim dividend for the year ended 30 June 2005 of 2 cents (2004 – nil) per share paid on 5 July 2005.		
Fully franked based on tax paid @ 30%	**7,200**	-
	14,400	14,400

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have determined that a final dividend of five cents per fully paid ordinary share will be paid, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid is $18 million out of retained profits at 30 June 2005, but is not recognised as a liability at year end.

Franked dividends

The franked portions of the interim dividend paid after 30 June 2005 and the final dividend recommended after 30 June 2005 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2006.

	2005 $'000	2004 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2004 – 30%)	**5,956**	4,441

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
(d) franking credits that may be prevented from being distributed in subsequent financial years.

The amounts include franking credits that would be available to the entity if distributable profits of the entity were paid as dividends.

Note 22 Financial instruments

Interest rate risk exposures

2005	**Floating interest rate $'000**	**Fixed interest maturing in: 1 year or less $'000**	**Fixed interest maturing in: Over 1 to 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets					
Cash and deposits	21,864	-	-	-	21,864
Receivables	-	-	-	77	77
	21,864	-	-	77	21,941
Weighted average interest rate	5.00%				
Financial liabilities					
Trade and other creditors	-		-	4,856	4,856
Bills payable	8,437	8,438	16,875	-	33,750
	8,437	8,438	16,875	4,856	38,606
Weighted average interest rate	6.72%	6.79%	6.79%		
Net financial assets (liabilities)	13,427	(8,438)	(16,875)	(4,779)	(16,665)

2004	**Floating interest rate $'000**	**Fixed interest maturing in: 1 year or less $'000**	**Fixed interest maturing in: Over 1 to 5 years**	**Non-interest bearing $'000**	**Total $'000**
Financial assets					
Cash and deposits	11,140	-	-	-	11,140
Receivables	-	-	-	143	143
	11,140	-	-	143	11,283
Weighted average interest rate	5.00%				
Financial liabilities					
Trade and other creditors	-	-	-	6,898	6,898
Bills payable	11,250	8,437	25,313	-	45,000
	11,250	8,437	25,313	6,898	51,898
Weighted average interest rate	6.53%	6.79%	6.79%		
Net financial assets (liabilities)	(110)	(8,437)	(25,313)	(6,755)	(40,615)

Net fair value of financial assets and liabilities
On-balance sheet
The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the entity approximates their carrying amounts.

Note 23 Director and executive disclosures

Directors
The following persons were directors of Sugar Terminals Limited during the financial year:

Chairman – non-executive
M D Brown

Non-executive directors
M R Day
J J Grasso
S Guazzo
J F Hesp
A J Musumeci

J F Hesp was elected a non-executive director on 22 October 2004. A J Musumeci resigned from the position of non-executive director on 22 October 2004.

Executives (other than directors) with the greatest authority for strategic direction and management
The entity has only one executive:

Name	**Position**
R B Farquhar	General Manager and Company Secretary

Remuneration of directors and executives
Principles used to determine the nature and amount of remuneration
The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

In consultation with external remuneration consultants, the company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2003, and has not been increased since 2000.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum aggregate amount currently stands at $200,000.

Executive pay
The executive pay and reward framework has two components:
- base pay and benefits
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Note 23 Director and executive disclosures (continued)

Base pay
The executive is offered a competitive base pay that comprises a fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay is reviewed annually to ensure the executive's pay is competitive with the market. There are no guaranteed base pay increases fixed in the executive's contract.

Benefits
The executive receives a car parking benefit.

Details of remuneration
Details of the remuneration of each director of Sugar Terminals Holdings Limited and the only executive, are set out in the following tables.

Directors of Sugar Terminals Ltd

2005	Primary	Post-Employment	Equity	
Name	Cash fees $	Superannuation $	$	Total $
MD Brown	55,000	4,950	-	59,950
MR Day	20,000	-	-	20,000
JJ Grasso	20,000	1,800	-	21,800
S Guazzo	20,000	1,800	-	21,800
JF Hesp	13,804	1,242	-	15,046
AJ Musumeci	6,196	-	-	6,196
Total	135,000	9,792		144,792

Total remuneration of directors of Sugar Terminals Limited for the year ended 30 June 2004 is set out below.

2004	Primary	Post-Employment	Equity	
Name	Cash fees $	Superannuation $	$	Total $
MD Brown	55,000	4,950	-	59,950
MR Day	20,000	-	-	20,000
JJ Grasso	13,696	1,233	-	14,929
S Guazzo	20,000	1,800	-	21,800
WA Martin	6,304	567	-	6,871
AJ Musumeci	20,000	-	-	20,000
Total	135,000	8,550		143,550

Executive of Sugar Terminals Ltd

2005	Primary	Post-Employment	Equity	
Name	Cash salary $	Superannuation $	$	Total $
RB Farquhar	126,886	11,420	-	138,306

2004	Primary	Post-Employment	Equity	
Name	Cash salary $	Superannuation $	$	Total $
RB Farquhar	70,792	6,371	-	77,163

Service agreements
Directors are elected for a term of three years and do not have service agreements.

Note 23 Director and executive disclosures (continued)

Equity instrument disclosures relating to directors and executives
Share holdings
The number of ordinary shares in the company held directly, indirectly or beneficially by the directors and executive of the entity, including their personally related entities, are set out below.

	Held at 30 June 2004	Purchases	Other changes during the year	Held at 30 June 2005
J J Grasso	447,490			447,490
S Guazzo	216,020	40,000		256,020
J F Hesp	242,655			242,655

Other transactions
Mr JF Hesp is, and Mr AJ Musumeci was a director of Australian Sugar Milling Council Pty Limited. Australian Sugar Milling Council Pty Limited provides administrative, secretarial and management services to Sugar Terminals Limited. Under the terms of the arrangement provision of these services has been extended to 30 June 2006. The services are provided on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with directors and their director-related entities:

	2005	2004
	$000	$000
Services provided by Australia Sugar Milling Council Pty Limited.	**85**	148
Liabilities at year end related to these services	**-**	-

Note 24 Remuneration of auditors

	2005	2004
	$	$
During the year the auditor of the entity and its related practices earned the following remuneration:		
PricewaterhouseCoopers – Australian firm		
Audit or review of financial reports and other audit work under the Corporations Act 2001.	**49,200**	37,200
Other services	**350**	18,150
Total remuneration	**49,550**	55,350

Note 25 Contingent liabilities and contingent assets

The entity has a contingent liability relating to the construction of the new storage shed at Townsville.

In August 2002, Queensland Sugar Ltd (QSL), as agent for STL, entered into a contract with Walter Construction Group (Walter) to construct the shed.

On 10 December 004, the entity received a statement of claim from Walter claiming $15.01 million as damages pursuant to the Trade Practices Act, or alternatively, various claims for moneys due under the contract amounting to $18.96 million excluding interest.

On 2 February 2005, Walter appointed administrators following an announcement by its parent Walter Bau, that it was filing for insolvency in Germany. On 30 March 2005 the company was placed in liquidation.

The action is presently stayed and it is not known whether the liquidator or some other party will proceed with the action.

The claim is denied by STL and, if it proceeds, it will be strenuously defended. A counter claim will also be lodged.

STL is managing the dispute in conjunction with QSL and, at this time, it is not possible to estimate the timing or the quantum, if any, of any future liability in relation to the claim, or the costs to rectify defective works.

Note 26 Commitments for expenditure

	2005 $'000	2004 $'000
Capital commitments		
Commitments for the acquisition of plant and equipment Contracted for at the reporting date but not recognised as Liabilities, payable:		
Within one year	-	-
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	-	-

The above commitments do not include capital expenditure commitments, if any, relating to the settlement of the dispute in relation to the construction of the additional facility at the Townsville terminal (Note 25).

Note 27 Related parties

Directors and specified executives
Disclosures relating to directors and specified executives are set out in note 23.

Note 28 Events occurring after reporting date

Under the terms of the sublease with QSL the parties were required to have a review of the rental arrangements and treatment of maintenance effective from 1 July 2005. This review has been satisfactorily completed since the end of the financial year.

Except as set out above, there were no significant events occurring after reporting date.

Note 29 Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	2005 $'000	2004 $'000
Profit from ordinary activities after related income tax	**18,964**	16,813
Depreciation and amortisation	**11,356**	10,468
Net loss (gain) on sale of non-current assets	**107**	176
Decrease (increase) in receivables	**66**	2,944
Decrease (increase) in prepayments	**210**	(743)
Decrease (increase) in future income tax benefit	**-**	32
Decrease (increase) in other operating assets	**74**	18
Increase (decrease) in trade creditors and accruals	**3**	(2,641)
Increase (decrease) in provision for income taxes and GST payable	**376**	1,109
Increase (decrease) in provision for deferred income tax	**657**	761
Net cash inflow from operating activities	**31,813**	28,937

Note 30 Earnings per share

	2005 Cents	2004 Cents
Basic earnings per share	**5.26**	4.67

	2005 Number	2004 Number
Weighted average number of shares used as the denominator	**360,000,000**	360,000,000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 18).	**360,000,000**	360,000,000

	2005 $'000	2004 $'000
Reconciliations of earnings used in calculating earnings per share		
Net profit for the year	**18,964**	16,813
Earnings used in calculating basic earnings per share	**18,964**	16,813

Note 31 Economic dependency

The entity depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2005, 98% (2004 – 99.2%) of the entity's revenue was sourced from QSL under the entity's sublease agreement with that company.

Note 32 Impact of adopting Australian International Financial Reporting Standards

The General Manager has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. These choices have been analysed to determine the most appropriate accounting policy for the entity.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Notes explaining the impacts on the statements of financial performance and statements of financial position

a) Income Tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, the impact would not have been significant.

b) Investment properties

Management have previously accounted for those sugar terminal assets that derive rental income in accordance with AASB 1015 *Acquisition of Assets*, AASB 1021 *Depreciation* and AASB 1041 *Revaluation of Non-Current Assets.*

With the implementation of AIFRS, such assets will fall within the scope of AASB 140 *Investment Property* and will be reclassified accordingly. The standard permits alternative methods of valuations, and management believe that the most appropriate to the company is the cost model. This allows an entity to measure its investment properties in accordance with the requirements of AASB 116 *Property, Plant and Equipment* which would therefore be carried at original cost less any accumulated depreciation or impairment losses.

If the policy required by AASB 140 had been applied during the year ended 30 June 2005, management are of the view that, other than the reclassification noted above, there would have been no impact on the company's financial statements.

c) Financial instruments

The company will be taking advantage of the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* only from 1 July 2005. This allows the company to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 132, the current classification of financial instruments issued by the entity would not change.

Under AASB 139, financial assets held by the entity will be classified as either at fair value through profit or loss, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

SUGAR TERMINALS LIMITED
Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 14 to 33 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

MD Brown
Director
Brisbane
8 September 2005

S Guazzo
Director
Brisbane
8 September 2005

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Independent audit report to the members of Sugar Terminals Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Sugar Terminals Limited (the Company) for the financial year ended 30 June 2005 included on Sugar Terminals Limited web site. The Company's directors are responsible for the integrity of the Sugar Terminals Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit opinion

In our opinion, the financial report of Sugar Terminals Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Sugar Terminals Limited as at 30 June 2005, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Sugar Terminals Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website
http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

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We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

R J Roach
Partner

Brisbane
8 September 2005