SUGAR TERMINALS LIMITED ABN 17 084 059 601
Half-year report – 31 DECEMBER 2005

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SUGAR TERMINALS LIMITED
Directors' report

Your directors present their report on the entity of Sugar Terminals Limited for the half-year ended 31 December 2005.

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

Mr Michael D Brown
Mr Mark R Day
Mr Stephen Guazzo
Mr John Grasso
Mr James F Hesp

Review of operations
There were no material changes to the company's operations during the half-year. Profit attributable to members of Sugar Terminals Limited for the half-year ended 31 December 2005, was $11,289,000 (2004, $9,559,000).

Auditors independence declaration
A copy of the Auditors independence declaration is attached on page 3 in accordance with section 307Cof 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.

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

MD Brown
Brisbane
10 March 2006

S Guazzo
Brisbane
10 March 2006

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Auditors' Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the half year ended 31 December 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 review.

This declaration is in respect of Sugar Terminals Limited.

R J Roach

Partner
PricewaterhouseCoopers

Brisbane
10 March 2006

SUGAR TERMINALS LIMITED ABN 17 084 059 601
Interim financial report – 31 DECEMBER 2005

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This interim financial report does not include all the notes of the type usually included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by SUGAR TERMINALS LIMITED during the interim reporting period in accordance with the continuous disclosures requirements of the *Corporations Act 2001*.

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

SUGAR TERMINALS LIMITED
Income statement
For the half-year ended 31 DECEMBER 2005

	Half-year	
	2005	2004
	$'000	$'000
Revenue from ordinary activities		
Rental revenue	**23,500**	21,275
Interest revenue	**487**	387
Other income	**-**	43
Depreciation and amortisation expenses	**(5,645)**	(5,531)
Borrowing costs expense	**(1,122)**	(1,489)
Other expenses	**(992)**	(920)
Profit before income tax expense	**16,228**	13,765
Income tax expense	**(4,939)**	(4,206)
Profit attributable to members of Sugar Terminals Limited	**11,289**	9,559
	Cents	Cents
Basic earnings per share	**3.13**	2.65
Diluted earnings per share	**3.13**	2.65

The above income statement should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED
Balance sheet
As at 31 DECEMBER 2005

	31 December 2005 $'000	30 June 2005 $'000
Current assets		
Cash and cash equivalents	**7,494**	21,864
Receivables	**88**	77
Other	**1,012**	568
Total current assets	**8,594**	22,509
Non-current assets		
Investment property	**376,176**	381,822
Other	**172**	209
Total non-current assets	**376,348**	382,031
Total assets	**384,942**	404,540
Current liabilities		
Payables	**3,696**	4,856
Interest bearing liabilities	**11,250**	11,250
Current tax liabilities	**3,140**	2,254
Provision for dividend	**-**	7,200
Total current liabilities	**18,086**	25,560
Non-current liabilities		
Interest bearing liabilities	**16,875**	22,500
Deferred tax liabilities	**5,015**	4,803
Total non-current liabilities	**21,890**	27,303
Total liabilities	**39,976**	52,863
Net assets	**344,966**	351,677
Equity		
Parent entity interest		
Contributed equity	**330,228**	330,228
Retained profits	**14,738**	21,449
Total equity	**344,966**	351,677

The above balance sheet should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED
Statement of changes in equity
For the half-year ended 31 DECEMBER 2005

	Half year	
	2005	2004
	$'000	$'000
Total equity at the beginning of the half-year	**351,677**	347,113
Profit for the half-year	**11,289**	9,559
Total recognised income and expenses for the half-year attributable to the members of Sugar Terminals Limited	**11,289**	9,559
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid (note 3)	**(18,000)**	(7,200)
Total equity at the end of the half-year	**344,966**	349,473

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED
Cash flow statement
For the half-year ended 31 DECEMBER 2005

	Half year	
	2005	2004
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**25,851**	23,588
Payments to suppliers and employees (inclusive of goods and services tax)	**(1,640)**	(1,550)
	24,211	22,038
Interest received	**487**	387
Borrowing costs paid	**(981)**	(1,341)
Income taxes paid	**(5,959)**	(5,674)
Net cash (outflow) from operating activities	**(6,453)**	(6,628)
Cash flows from investing activities		
Payments for investment property	**(1,303)**	(1,156)
Net cash (outflow) from investing activities	**(1,303)**	(1,156)
Cash flows from financing activities		
Repayment of borrowings	**(5,625)**	(5,625)
Dividends paid	**(25,200)**	(7,200)
Net cash (outflow) from financing activities	**(30,825)**	(12,825)
Net (decrease) increase in cash and cash equivalents	**(14,370)**	1,429
Cash and cash equivalents at the beginning of the half-year	**21,864**	11,140
Cash and cash equivalents at the end of the half-year	**7,494**	12,569

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

Notes to the financial statements

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Note 1 Summary of Significant Accounting Policies

This general purpose financial report for the interim half year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Sugar Terminals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation of half- year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards
This interim financial report is the first Sugar Terminals Limited interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Sugar Terminals Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Sugar Terminals Limited interim financial report for the half year ended 31 December 2005, management has amended certain accounting methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures were restated to reflect these adjustments. The company has taken the exemption available under AASB 1 to only apply AASB 132 *Financial instruments: Disclosure and Presentation* AASB 139 *Financial instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Company's equity and its net income are given in note 5.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) *Rental revenue:*

Rental revenue from operating leases is recognised in income on a straight-line basis over the lease term.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary

differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) **Leases**

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(f) **Acquisitions of assets**

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure 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 exchange. 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.

(g) **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(h) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more that 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) **Investment property**

Investment property plant and equipment are shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings, plant and equipment 7 – 80 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 (g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(k) **Trade and other payables**

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

(l) **Interest bearing liabilities**

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities is subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) **Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(n) **Employee benefits**

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 payables 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.

(o) **Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(p) **Dividends**

Provision is made for the amount of any dividend declared on or before the end of the half-year but not distributed at balance date.

(q) **Earnings per share**

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half-year, adjusted for bonus elements in ordinary shares issued during the half-year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for o consideration in relation to dilutive potential ordinary shares.

(r) **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, the nearest dollar.

Note 2 Segment Reporting

Sugar Terminals Limited operates in one industry, being the sugar industry and in one geographical segment, being Queensland, Australia.

Note 3 Dividends

	Half-year	
	2005	2004
Ordinary shares	**$'000**	$'000
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**	-
Final dividend for the year ended 30 June 2005 of 5 cents (2004 – 2 cents) per share paid on 15 December 2005		
Fully franked based on tax paid @ 30%	**18,000**	7,200
	25,200	7,200

Note 4 Contingent liabilities

Contingent liabilities

The entity continues to have a contingent liability at 31 December 2005 relating to the construction of the new storage facility at Townsville. The construction project, which is being managed by Queensland Sugar Ltd (QSL) as agent for the entity, is incomplete. On 10 December 2004, a statement of claim was received from the building contractor, Walter Construction Group (WCG), for $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, WCG appointed administrators following an announcement by its parent Walter Bau, that it was filing for insolvency in Germany. On 30 March 2005, WCG 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.

This claim is denied by the entity, and if it proceeds, it will be strenuously defended. A counter claim will also be lodged.

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 5 Earnings per share

	Half-year 2005 Cents	Half-year 2004 Cents
Basic and diluted earnings per share	**3.13**	**2.65**

	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 and diluted earnings per share.	**360,000,000**	360,000,000

	Half-year 2005 $'000	Half-year 2004 $'000
Reconciliations of earnings used in calculating earnings per share		
Net profit for the half year	**11,289**	9,559
Earnings used in calculating basic and diluted earnings per share	**11,289**	9,559

Note 6 Events occurring after the balance sheet date

There were no significant events occurring after the balance sheet date.

Note 7 Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Current assets			
Cash and cash equivalents	11,140	-	11,140
Receivables	143	-	143
Other	778	-	778
Total current assets	12,061	-	12,061
Non-current assets			
Investment property	392,903	-	392,903
Other	283	-	283
Total non-current assets	393,186	-	393,186
Total assets	405,247	-	405,247
Current liabilities			
Payables	6,898	-	6,898
Interest bearing liabilities	11,250	-	11,250
Current tax liabilities	2,090	-	2,090
Total current liabilities	20,238	-	20,238
Non-current liabilities			
Interest bearing liabilities	33,750	-	33,750
Deferred tax liabilities	4,146	-	4,146
Total non-current liabilities	37,896	-	37,896
Total liabilities	58,134	-	58,134
Net assets	347,113	-	347,113
Equity			
Parent entity interest			
Contributed equity	330,228	-	330,228
Retained profits	16,885	-	16,885
Total equity	347,113	-	347,113

Explanation of transition to Australian equivalents to IFRSs (continued)

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Current assets			
Cash and cash equivalents	12,569	-	12,569
Receivables	19	-	19
Other	1,130	-	1,130
Total current assets	13,718	-	13,718
Non-current assets			
Investment property	387,422	-	387,422
Other	243	-	243
Total non-current assets	387,665	-	387,665
Total assets	401,383	-	401,383
Current liabilities			
Payables	5,790	-	5,790
Interest bearing liabilities	11,250	-	11,250
Current tax liabilities	2,240	-	2,240
Total current liabilities	19,280	-	19,280
Non-current liabilities			
Interest bearing liabilities	28,125	-	28,125
Deferred tax liabilities	4,505	-	4,505
Total non-current liabilities	32,630	-	32,630
Total liabilities	51,910	-	51,910
Net assets	349,473	-	349,473
Equity			
Parent entity interest			
Contributed equity	330,228	-	330,228
Retained profits	19,245	-	19,245
Total equity	349,473	-	349,473

Explanation of transition to Australian equivalents to IFRSs (continued)

(c) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Current assets			
Cash and cash equivalents	21,864	-	21,864
Receivables	77	-	77
Other	568	-	568
Total current assets	22,509	-	22,509
Non-current assets			
Investment property	381,822	-	381,822
Other	209	-	209
Total non-current assets	382,031	-	382,031
Total assets	404,540	-	404,540
Current liabilities			
Payables	4,856	-	4,856
Interest bearing liabilities	11,250	-	11,250
Current tax liabilities	2,254	-	2,254
Provision for dividend	7,200	-	7,200
Total current liabilities	25,560	-	25,560
Non-current liabilities			
Interest bearing liabilities	22,500	-	22,500
Deferred tax liabilities	4,803	-	4,803
Total non-current liabilities	27,303	-	27,303
Total liabilities	52,863	-	52,863
Net assets	351,677	-	351,677
Equity			
Parent entity interest			
Contributed equity	330,228	-	330,228
Retained profits	21,449	-	21,449
Total equity	351,677	-	351,677

Explanation of transition to Australian equivalents to IFRSs (continued)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of profit for the half-year ended 31 December 2004

	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Revenue from ordinary activities			
Rental revenue	21,272	-	21,272
Interest revenue	390	-	390
Other income	43	-	43
Depreciation and amortisation expenses	(5,531)	-	(5,531)
Borrowing costs expense	(1,489)	-	(1,489)
Other expenses from ordinary activities	(920)	-	(920)
Profit before income tax expense	13,765	-	13,765
Income tax expense	(4,206)	-	(4,206)
Profit attributable to members of Sugar Terminals Limited	9,559	-	9,559

(b) Reconciliation of profit for the year ended 30 June 2005

	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Revenue from ordinary activities			
Rental revenue	42,596	-	42,596
Interest revenue	847	-	847
Other income	42	-	42
Depreciation and amortisation expenses	(11,356)	-	(11,356)
Professional fees expense	(360)	-	(360)
Insurance expense	(977)	-	(977)
Borrowing costs expense	(2,791)	-	(2,791)
Other expenses from ordinary activities	(699)	-	(699)
Profit before income tax expense	27,302	-	27,302
Income tax expense	(8,338)	-	(8,338)
Net profit attributable to members of Sugar Terminals Limited	18,964	-	18,964

(3) Reconciliation of cash flow statement for the year ended 30 June 2005
The adoption of AIFRSs has not resulted in any adjustments to the cash flow statement.

SUGAR TERMINALS LIMITED
Directors' declaration

The directors declare that, in the directors' opinion

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

(b) the financial statements and notes are in accordance with the Corporations Act 2001 including:
   (i) section 304 (compliance with accounting standards); and
   (ii) section 305 (true and fair view)

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

MD Brown
Director
Brisbane
10 March 2006

S. Guazzo
Director
Brisbane
10 March 2006

Independent review report to the members of Sugar Terminals Limited

Matters relating to the electronic presentation of the audited financial report

This review report relates to the financial report of Sugar Terminals Limited (the Company) for the half-year ended 31 December 2005 included on Sugar Terminals Limited's 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 review 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 reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Sugar Terminals Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Sugar Terminals Limited as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Sugar Terminals Limited (the company), for the half-year ended 31 December 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.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial*

Reporting 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, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and

- analytical procedures applied to financial data.

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

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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

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

Independence

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

PricewaterhouseCoopers

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Robert Roach
Partner

Brisbane
10 March 2006