



## 2006 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Let me talk about the financial results for the year ended 30 June 2006 and other financial matters.

The net profit after tax for the year was \$22.270 million which compares with a net profit of the previous year of \$18.964 million. The increase in profit is principally due to increased rental received under the amended sub-lease agreement with Queensland Sugar Ltd.

The Company's policy is to pay from the net profit for the period, as high a dividend as possible, having regard to the Company's cash position.

In accordance with this policy, the directors have resolved to pay a dividend of 6 cents per share (a total of \$21.6 million) out of retained profits. This dividend was paid on 27 September 2006 to shareholders recorded on the share register on 14 September 2006. The dividend was fully franked at 30% which amounted to 2.57 cents per share.

In reviewing the past and present and future cash requirements of STL, I thought it might be of interest to shareholders to note some statistics, for the six years to 30 June 2006.

	Million \$
STL has received funds by way of -	
Rent	215
Net borrowings and opening cash	36
	<u>\$251</u>
The funds have been applied as -	
Dividends	
Franking Credits (about equal to taxes paid)	
Return of Capital	175
Capital expenditure at terminals including the Townsville shed	73
	<u>\$248</u>

The company has borrowings from its bankers of \$22.5 million which will be repaid by 30 June 2008.

Based on present forecasts your directors anticipate that STL should be able to make further capital distributions in some form to shareholders after 30 June 2008 when the bank debt has been repaid. The capital payments would be in addition to dividend payments.

Since the end of the year, the board has resolved that in future years dividends will be declared bi-annually, in March and September.

In previous years I have advised of defective work in the construction of the new sugar shed at the Port of Townsville and that the construction company, Walter Construction Group, has been placed in liquidation.

There has been no change in the position regarding the claim by Walter since the last AGM and the action remains stayed.

The major defects continue to be concrete cracking and air conveyors.

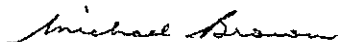
In relation to concrete cracking in the tunnels, tests carried out by our consultants have found that the cracks are not getting any worse and can be repaired. Work is continuing to determine the best method of repair.

A recent survey of the shed floor has found that movements since 2003 are within the guaranteed settlement limitation set out in the Walter contract.

Air conveyors - At the present time we are trialing and modeling a system for repairing these conveyors. During this current situation, the Townsville shed continues to receive and ship sugar.

Earlier this month we signed a 100 year rolling lease and wharf licence with the Cairns Port Authority. At the same time we received compensation for surrendering the Cook Street land. We are working towards disposal of the Brisbane Terminal which is surplus to requirements. We have the concurrence of QSL for this disposal.

With the introduction of a voluntary marketing system following on from the cessation of the vesting of sugar to QSL, the lease arrangements from STL to QSL were to cease on 30 June 2007. Both parties have agreed to extend this date to 30 June 2008. This was done to give more certainty to sugar exporters and to also enable the parties to review a range of options for the operation of the terminals in the future.



MD Brown  
Chairman  
Brisbane  
26 October 2006