

SUGAR TERMINALS LIMITED ABN 17 084 059 601
Half-year report – 31 DECEMBER 2006

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SUGAR TERMINALS LIMITED

Directors' report

31 December 2006

Your directors present their report on the entity of Sugar Terminals Limited for the half-year ended 31 December 2006.

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 2006, was \$12,339,000 (2005, \$11,289,000).

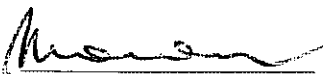
Auditors independence declaration

A copy of the Auditors independence declaration is attached on page 3 in accordance with section 307C of the *Corporations Act 2001*.

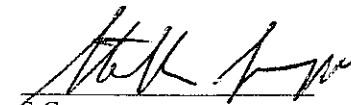
Rounding of amounts

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.

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



MD Brown
Brisbane
12 March 2007



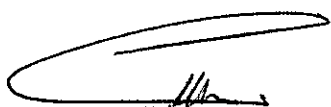
S Guazzo
Brisbane
12 March 2007

Auditors' Independence Declaration

As lead auditor for the review of Sugar Terminals Limited for the half-year ended 31 December 2006, 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 review, 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.



TJ Allman

Partner
PricewaterhouseCoopers

Brisbane

12 March 2007

SUGAR TERMINALS LIMITED ABN 17 084 059 601

Interim financial report – 31 DECEMBER 2006

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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 2006 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*.

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 2006

	Half-year	
	2006	2005
	\$'000	\$'000
Revenue from continuing operations	24,914	23,987
Other income	248	-
Depreciation expense	(5,584)	(5,645)
Professional fees expense	(155)	(157)
Insurance expense	(650)	(556)
Finance costs	(752)	(1,122)
Other expenses	(285)	(279)
Profit before income tax	17,736	16,228
Income tax expense	(5,397)	(4,939)
Profit attributable to members of Sugar Terminals Limited	12,339	11,289

	2006	2005
	Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company		
Basic and diluted earnings per share	3.42	3.13

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

SUGAR TERMINALS LIMITED**Balance Sheet**

As at 31 DECEMBER 2006

	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Current assets		
Cash and cash equivalents	11,284	20,597
Trade and other receivables	-	6
Other	802	380
Total current assets	<u>12,086</u>	<u>20,983</u>
Non-current assets		
Investment properties	364,438	371,186
Other	97	135
Total non-current assets	<u>364,535</u>	<u>371,321</u>
Total assets	<u>376,621</u>	<u>392,304</u>
Current liabilities		
Trade and other payables	4,349	4,956
Borrowings	11,250	11,250
Current tax liabilities	2,934	3,336
Total current liabilities	<u>18,533</u>	<u>19,542</u>
Non-current liabilities		
Borrowings	5,625	11,250
Deferred tax liabilities	5,777	5,565
Total non-current liabilities	<u>11,402</u>	<u>16,815</u>
Total liabilities	<u>29,935</u>	<u>36,357</u>
Net assets	<u>346,686</u>	<u>355,947</u>
Equity		
Contributed equity	330,228	330,228
Retained profits	<u>16,458</u>	<u>25,719</u>
Total equity	<u>346,686</u>	<u>355,947</u>

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 2006

	Half-year	
	2006	2005
	\$'000	\$'000
Total equity at the beginning of the half year	355,947	351,677
Profit attributable to members of Sugar Terminals Limited	12,339	11,289
	368,286	362,966
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid (Note 3)	(21,600)	(18,000)
Total equity at the end of the half-year	346,686	344,966
Total recognised income and expenses for the year attributable to the members of Sugar Terminals Limited	12,339	11,289

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 2006

		Half-year	
		2006	2005
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		27,252	25,851
Payments to suppliers and employees (inclusive of goods and services tax)		(3,678)	(1,640)
		23,574	24,211
Interest received		432	487
Finance costs paid		(624)	(981)
Income taxes paid		(5,587)	(5,959)
Net cash inflow from operating activities		17,795	17,758
Cash flows from investing activities			
Payments for investment properties		(1,133)	(1,303)
Proceeds from sale of investment property		1,250	-
Net cash inflow (outflow) from investing activities		117	(1,303)
Cash flows from financing activities			
Repayment of borrowings		(5,625)	(5,625)
Dividends paid to Company's shareholders	3	(21,600)	(25,200)
Net cash (outflow) from financing activities		(27,225)	(30,825)
Net (decrease) in cash and cash equivalents		(9,313)	(14,370)
Cash and cash equivalents at the beginning of the half-year		20,597	21,864
Cash and cash equivalents at the end of the half-year		11,284	7,494

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

SUGAR TERMINALS LIMITED
Notes to the financial statements
31 DECEMBER 2006

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SUGAR TERMINALS LIMITED
Notes to the financial statements
31 DECEMBER 2006

Note 1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 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 2006 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*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Segment information

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

Note 3 Dividends

	Half-year	
	2006	2005
	\$'000	\$'000
Ordinary shares		
Final dividend for the year ended 30 June 2006 of 6 cents (2005 – 5 cents) per share paid on 27 September 2006.		
Fully franked based on tax paid @ 30%	21,600	18,000
Interim dividend for the year ended 30 June 2006 of nil cents (2005 – 2 cents).		
Fully franked based on tax paid @ 30%	-	7,200
	21,600	25,200

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have determined that an interim dividend of 3 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 \$10.8 million out of profits for the year ending 30 June 2007, but is not recognised as a liability at the end of the half-year.

Note 4 Contingent liabilities

The Company continues to have 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. The construction project which is being managed by Queensland Sugar Limited (QSL), as agent for the Company, is incomplete.

On 10 December 2004, the Company 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.

SUGAR TERMINALS LIMITED

Notes to the financial statements

31 DECEMBER 2006

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 5 Events occurring after the balance sheet date

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

Note 6 Economic Dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the half-year ended 31 December 2006, 97% (2005 - 98%) of the Company's revenue was sourced from QSL under the Company's sublease agreement with that company.

SUGAR TERMINALS LIMITED

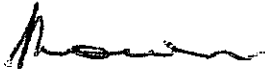
Directors' declaration

31 DECEMBER 2006


In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 11 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 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Sugar Terminals Ltd will be able to pay its debts as and when they become due and payable.

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



MD Brown
Director
Brisbane
12 March 2007



S Guazzo
Director
Brisbane
12 March 2007

INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of Sugar Terminals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sugar Terminals Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Sugar Terminals Limited (the company).

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sugar Terminals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to

determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website
<http://www.pwc.com/au/financialstatementaudit>

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.

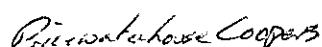
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sugar Terminals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



PricewaterhouseCoopers



Timothy J Allman
Partner

Brisbane
12 March 2007