Sugar Terminals Limited
2007 Annual General Meeting
Chairman's Address

Let me talk about the financial results for the year ended 30 June 2007 and other matters.

The net profit after tax for the year was $24.658 million which compares with a net profit for the previous year of $22.270 million. The increase in profit is principally due to increased rental and other income and reductions in costs principally interest on borrowings.

Dividends. The company's dividend policy is to pay from the net profits for the period, as high an amount as is possible, having regard to the Company's overall cash position. In accordance with this policy, the directors resolved to pay a dividend of 4 cents per share (a total of $14.4 million) from retained profits. This dividend was paid on 27 September 2007. Together with the interim dividend of 3 cents per share paid on 28 March 2007 total dividends paid out of profits for the year ended 30 June 2007 amounted to $25.2 million ie. 7 cents per share.

Cash. In last year's address I talked about the company's past and future cash position and I can say the company is on track to have the borrowings for the Townsville shed repaid by 30 June 2008.

Terminals.
The Townsville Shed. The air support conveyors and concrete cracking at the new Townsville shed remain an issue.

During the year a visit was made to a facility in West Australia which has a similar conveyor system and had carried out modifications in an endeavour to get the system to operate properly. Similar modifications have been carried out at Townsville. The first trial on the outward conveyors has been carried out and at this stage the results are promising with a significant improvement. There is still more work to be done.

After extensive research a repair methodology has been determined to repair the concrete cracking. A contractor has been appointed and work is under way.

There has been no change in the action brought against Sugar Terminals by Walter Construction Group. The action has been stayed. With the elapse of time it becomes less likely that the action will proceed.

Cairns. We are in an advanced stage of negotiations with the Department of Defence to enable the Royal Australian Navy to use the Cairns wharf. While there are some matters to be concluded we expect to execute an agreement in the near future.

Brisbane. This terminal has been excised from the QSL sub-lease and we are moving towards a sale of the facility. Progress has been slow but we have now accepted a proposal from the Department of Natural Resources & Water in relation to the wet lease for the wharf area. This should assist progress.

Relations with Queensland Sugar Ltd.

I reported to shareholders at last year's Annual General Meeting on negotiations with Queensland Sugar Limited (QSL) on an appropriate structure for the operation of the terminals post the expiry of the sub-lease on 30 June 2008.

Those negotiations have continued over the past year, however have not, at this time, resulted in any agreement. As a result your Board appointed Gresham Advisory Partners Limited (Gresham) to undertake a full review of the overall financial structure of STL and to identify all of the options available to STL as it moves into the future.

Gresham has commenced the assignment and in October we anticipate receiving a first draft report showing prioritised details of the various structures and options available to take STL into the future.

There have been several preliminary views expressed by some industry stakeholders concerning the future structure of STL, including, for example, a suggestion that STL operate purely as a cost centre.

The industry leaders who charted the original path in the establishment of STL decided on a structure of a public company limited by shares with shares to be held only by growers and millers and for the formation of a market to facilitate trade of grower shares.

The structure of STL requires your directors to act, at all times, in the best interests of the company as a whole ie. the company and its shareholders. In doing so, it is necessary for your directors to ensure sustainable shareholder returns from proper management of the company's assets. The structure of STL is not compatible with the operation of the company as a cost centre.

Your directors will keep shareholders apprised of these important structural issues moving forward.

Michael Brown

MD Brown
Chairman
Brisbane
25 October 2007