SUGAR TERMINALS LIMITED ABN 17 084 059 601
Half-year report – 31 DECEMBER 2007

Contents

SUGAR TERMINALS LIMITED
Directors' report
31 December 2007

Your directors present their report on the entity of Sugar Terminals Limited for the half-year ended 31 December 2007.

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
The sub-lease to QSL was amended to exclude the Brisbane terminal effective from 1 July 2007. Apart from this, 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 2007, was $12,605,000 (2006, $12,339,000).

As previously reported, the sub-lease with QSL has been extended on the same terms and conditions for a period up to 30 June 2008 to enable the parties to review a range of options for the operation of the terminals.

Progress in this review process has been slow and the board is mindful that QSL requires access to the terminals beyond June 2008 to fulfill its obligations under its marketing arrangements with milling companies.

In recognition of the matters referred to above, on 16 August 2007 the board proposed to QSL that the sub-lease be extended for one year from 1 July 2008 under the same terms and conditions.

QSL advised that, while there is support for extending the lease for one year while other arrangements are investigated, there is considerable resistance within the industry to doing so on existing terms and conditions. QSL stated that it believes there is time to properly consider, agree and implement a revised arrangement before 30 June 2008.

In September 2007, STL appointed Gresham Advisory Partners Ltd (Gresham) as corporate advisor, and instructed Gresham to conduct a strategic review of the company.

One 28 November 2007, QSL proposed the terms of an exclusive lease arrangement of up to 25 years for the terminals under which QSL would be the sole lessee. The supporting documentation for this proposal was not received until late in January 2008.

On 6 December 2007, the company responded to QSL's proposal advising that it intends to enter into discussions with QSL in good faith on an appropriate payment for use of the terminals and that it is retaining Connell Wagner to provide specialist engineering and valuation advice. The company also advised that it does not accept that a long term sub-leasing arrangement with QSL represents the best structure for use of the terminals by the industry in the future, and that it considers that it would better serve the interests of shareholders and the industry as a whole if it directly operated the terminals and provided storage and handling services to the industry on a transparent and sustainably fair basis.

Discussions are continuing with QSL. The company does not expect to be in a position to provide a complete response to QSL on appropriate arrangements for use of the terminals before the end of March at the earliest.

Auditors independence declaration
A copy of the Auditors independence declaration is attached on page 4 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
13 March 2008

S Guazzo
Brisbane
13 March 2008

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Auditors' Independence Declaration

As lead auditor for the review of Sugar Terminals Limited for the half-year ended 31 December 2007, 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

13 March 2008

SUGAR TERMINALS LIMITED ABN 17 084 059 601
Interim financial report – 31 DECEMBER 2007

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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 2007 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 2007

	Half-year	
	2007	2006
	$'000	$'000
Revenue from continuing operations	**25,176**	24,914
Other income	**241**	248
Depreciation expense	**(5,528)**	(5,584)
Professional fees expense	**(415)**	(155)
Insurance expense	**(514)**	(650)
Finance costs	**(381)**	(752)
Other expenses	**(463)**	(285)
Profit before income tax	**18,116**	17,736
Income tax expense	**(5,511)**	(5,397)
Profit attributable to members of Sugar Terminals Limited	**12,605**	12,339

	2007	2006
	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	**3.50**	3.42

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

SUGAR TERMINALS LIMITED
Balance Sheet
As at 31 DECEMBER 2007

	31 Dec 2007 $'000	30 Jun 2007 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**8,623**	13,322
Trade and other receivables	**280**	16
Other	**743**	193
Total current assets	**9,646**	13,531
Non-current assets		
Investment properties	**354,475**	359,982
Other	**4**	60
Total non-current assets	**354,479**	360,042
Total assets	**364,125**	373,573
LIABILITIES		
Current liabilities		
Trade and other payables	**3,198**	4,676
Borrowings	**5,625**	11,250
Current tax liabilities	**2,826**	3,540
Total current liabilities	**11,649**	19,466
Non-current liabilities		
Deferred tax liabilities	**6,066**	5,902
Total non-current liabilities	**6,066**	5,902
Total liabilities	**17,715**	25,368
Net assets	**346,410**	348,205
EQUITY		
Contributed equity	**330,228**	330,228
Retained profits	**16,182**	17,977
Total equity	**346,410**	348,205

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 2007

	Half-year	
	2007	2006
	$'000	$'000
Total equity at the beginning of the half year	**348,205**	355,947
Profit attributable to members of Sugar Terminals Limited	**12,605**	12,339
	360,810	368,286
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid (Note 3)	**(14,400)**	(21,600)
Total equity at the end of the half-year	**346,410**	346,686
Total recognised income and expenses for the year attributable to the members of Sugar Terminals Limited	**12,605**	12,339

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 2007

	Notes	Half-year 2007 $'000	2006 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**27,358**	27,252
Payments to suppliers and employees (inclusive of goods and services tax)		**(4,090)**	(3,678)
		23,268	23,574
Interest received		**331**	432
Finance costs paid		**(257)**	(624)
Income taxes paid		**(6,058)**	(5,587)
Net cash inflow from operating activities		**17,284**	17,795
Cash flows from investing activities			
Payments for investment properties		**(1,958)**	(1,133)
Proceeds from sale of investment property		**-**	1,250
Net cash (outflow) inflow from investing activities		**(1,958)**	117
Cash flows from financing activities			
Repayment of borrowings		**(5,625)**	(5,625)
Dividends paid to Company's shareholders	3	**(14,400)**	(21,600)
Net cash (outflow) from financing activities		**(20,025)**	(27,225)
Net (decrease) in cash and cash equivalents		**(4,699)**	(9,313)
Cash and cash equivalents at the beginning of the half-year		**13,322**	20,597
Cash and cash equivalents at the end of the half-year		**8,623**	11,284

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

Note	# Contents	**Page**

Note 1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 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 2007 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.

As previously reported the sub-lease of the terminals to Queensland Sugar Limited (QSL) terminates on 30 June 2008. A proposal has been received from QSL to lease the terminals for a term of up to 25 years.

The company has advised QSL that it does not accept that a long term sub-leasing arrangement with QSL represents the best structure for use of the terminals by the industry in the future, and that it considers that it would better serve the interests of shareholders and the industry as a whole if it directly operated the terminals and provided storage and handling services to the industry on a transparent and sustainably fair basis.

Discussions with QSL regarding appropriate arrangements for the terminals are continuing and the Directors expect that arrangements will be finalised before 30 June 2008. In the unlikely event that arrangements are not in place by 30 June 2008, Directors are of the opinion that the company will be able to pay its debts as and when they fall due in the foreseeable future.

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	
	2007	2006
	$'000	$'000
Ordinary shares		
Final dividend for the year ended 30 June 2007 of 4 cents (2006 - 6 cents) per share paid on 27 September 2007.		
Fully franked based on tax paid @ 30%	**14,400**	21,600
	14,400	21,600

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 resolved that a dividend of 4c per fully paid ordinary share will be paid on 31 March 2008, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid is $14,400,000 out of retained profits at 31 December 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.

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 2007, 98% (2006 – 97%) 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 2007

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 12 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 2007 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
13 March 2008

S Guazzo
Director
Brisbane
13 March 2008

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Independent 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 2007, 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 establishing 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 2007 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.

Matters relating to the electronic presentation of the reviewed financial report

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This review report relates to the financial report of Sugar Terminals Limited (the Company) for the half-year ended 31 December 2007 included on Sugar Terminal Limited's web site. The company's directors are responsible for the integrity of the 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 above. 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.

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 2007 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

PricewaterhouseCoopers

Timothy J Allman

Partner

Brisbane

13 March 2008