



17 March 2008

INTERIM REPORT TO SHAREHOLDERS OF SUGAR TERMINALS LIMITED

On behalf of the Board of Directors of Sugar Terminals Limited (STL), I am pleased to report to shareholders on the financial position of the Company at 31 December 2007 and the outlook for the year ending 30 June 2007.

Profit attributable to members for the half-year ended 31 December 2007 was \$12.6 million, an increase of 2.2% over the same period to 31 December 2006. Revenue from continuing operations was \$25.2 million, an increase of 1.1% over the same period last year. These results are slightly ahead of budget.

It is expected that the full year's revenue will show a similar percentage increase to that achieved in the half-year to December, and profit will be slightly less than that for the year ended 30 June 2007 due to additional costs arising in the second half of this year.

The Brisbane terminal was excluded from the sub-lease to Queensland Sugar Limited (QSL) effective from 1 July 2007. Since that time, QSL has managed the terminal for STL while STL has been preparing to market the property. It is expected that the property will be put on the market in the near future.

Negotiations are continuing with QSL and other industry participants in relation to the use of the terminals after the sub-lease to QSL expires on 30 June 2008. The company has appointed Gresham Advisory Partners Ltd (Gresham) to assist it in this process.

On 28 November 2007, QSL proposed the terms of an exclusive sub-lease arrangement of up to 25 years for the terminals, under which QSL would be the sole lessee. The company responded to QSL's proposal on 6 December 2007, advising that it intends to enter into discussion with QSL on an appropriate payment for use of the terminals and that it has retained Connell Wagner to provide specialist engineering and valuation advice. Copies of these letters have been placed on the company's and the National Stock Exchange of Australia websites. The company does not expect to be in a position to provide a response to QSL on an appropriate arrangement for the use of the terminals before the end of March at the earliest.

The full half-year report is available for inspection on the Company's website or the National Stock Exchange of Australia website.

In accordance with Board policy dividends are declared bi-annually, in March and September. On 3 March, Directors resolved that an interim dividend \$14.4M (4 cents per share), fully franked on tax paid at 30%, will be paid on 31 March 2008 out of retained profits. Your dividend notice is being mailed with this report.

The next dividend will be declared in September 2008.

On behalf of the Board of Directors of Sugar Terminals Limited

A handwritten signature in black ink, appearing to read 'Michael Brown', is written over a horizontal line.

MD Brown
Chairman