

SUGAR TERMINALS LIMITED ABN 17 084 059 601
Half-year report – 31 DECEMBER 2008

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SUGAR TERMINALS LIMITED

Directors' report

31 December 2008

Your directors present their report on the entity of Sugar Terminals Limited for the half-year ended 31 December 2008.

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 2008, was \$13,557,000 (2007, \$12,605,000).

As previously reported, it was agreed with QSL in June 2008 that Queensland Sugar Limited (QSL) would occupy the terminals on the basis of a monthly tenancy terminable by either party on one months notice in writing to the other and otherwise on the same terms and conditions as the sub-lease which terminated on 30 June 2008. This arrangement terminated on 31 December 2008.

On 6 January, the company entered into a binding heads of agreement with QSL to sub-lease the bulk sugar terminals to QSL commencing on 1 January 2009. Key terms of the head of agreement are:

- fixed annual rental of \$42.0 million for 5 years commencing 1 January 2009;
- initial sublease period of 5 years with an additional period of 5 years provided both STL and QSL notify renewal of the sublease by 30 June 2013;
- mechanism for determination of rental for second 5 years agreed in principle;
- STL has right to terminate the sublease if QSL's percentage of Queensland bulk sugar exports falls below 75% and STL has termination rights in respect of individual terminals if QSL's contracted volumes represent less than 30% of a terminal's throughput in a crush season; and
- documentation of the sublease to be undertaken in good faith and completed by 31 March 2009 or such other agreed date.

The financial impact of this agreement is that annual profit (after income tax) will be reduced by about \$7 million.

On 16 July 2008, Directors advised that a contract has been signed for the sale of the Brisbane terminal. In December 2008, Directors agreed to extend the settlement date from 15 December 2008 to 31 March 2009.

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
11 March 2009



S Guazzo
Brisbane
11 March 2009

PricewaterhouseCoopers
ABN 52 780 433 757

Riverside Centre
123 Eagle Street
BRISBANE QLD 4000
GPO Box 150
BRISBANE QLD 4001
DX 77 Brisbane
Australia
www.pwc.com/au
Telephone +61 7 3257 5000
Facsimile +61 7 3257 5999

Auditors' Independence Declaration

As lead auditor for the review of Sugar Terminals Limited for the half-year ended 31 December 2008, 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
11 March 2009

SUGAR TERMINALS LIMITED ABN 17 084 059 601

Interim financial report – 31 DECEMBER 2008

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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 2008 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 2008

	Half-year	
	2008	2007
	\$'000	\$'000
Revenue from continuing operations	26,214	25,176
Other income	-	241
Depreciation expense	(5,464)	(5,528)
Professional fees expense	(290)	(415)
Insurance expense	(626)	(514)
Finance costs	(12)	(381)
Other expenses	(346)	(463)
Profit before income tax	19,476	18,116
Income tax expense	(5,919)	(5,511)
Profit attributable to members of Sugar Terminals Limited	13,557	12,605

	2008	2007
	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	3.77	3.50

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

SUGAR TERMINALS LIMITED**Balance Sheet**

As at 31 DECEMBER 2008

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	7,700	4,709
Trade and other receivables	474	425
Other	824	96
	<u>8,998</u>	<u>5,230</u>
Non-current assets classified as held for sale	7,676	7676
Total current assets	<u>16,674</u>	<u>12,906</u>
Non-current assets		
Investment properties	339,300	343,977
Total non-current assets	<u>339,300</u>	<u>343,977</u>
Total assets	<u>355,974</u>	<u>356,883</u>
LIABILITIES		
Current liabilities		
Trade and other payables	2,677	3,301
Current tax liabilities	3,054	2,943
Total current liabilities	<u>5,731</u>	<u>6,244</u>
Non-current liabilities		
Deferred tax liabilities	6,210	6,123
Total non-current liabilities	<u>6,210</u>	<u>6,123</u>
Total liabilities	<u>11,941</u>	<u>12,367</u>
Net assets	<u>344,033</u>	<u>344,516</u>
EQUITY		
Contributed equity	330,228	330,228
Retained profits	13,805	14,288
Total equity	<u>344,033</u>	<u>344,516</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 2008

	Half-year	
	2008	2007
	\$'000	\$'000
Total equity at the beginning of the half year	344,516	348,205
Profit attributable to members of Sugar Terminals Limited	13,557	12,605
	358,073	360,810
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid (Note 3)	(14,040)	(14,400)
Total equity at the end of the half-year	344,033	346,410
 Total recognised income and expenses for the year attributable to the members of Sugar Terminals Limited	 13,557	 12,605

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 2008

		Half-year	
		2008	2007
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		28,660	27,358
Payments to suppliers and employees (inclusive of goods and services tax)		(4,389)	(4,090)
		24,271	23,268
Interest received		148	331
Finance costs paid		(12)	(257)
Income taxes paid		(5,721)	(6,058)
Net cash inflow from operating activities		18,686	17,284
Cash flows from investing activities			
Payments for investment properties		(1,655)	(1,958)
Proceeds from sale of investment property		-	-
Net cash (outflow) from investing activities		(1,655)	(1,958)
Cash flows from financing activities			
Repayment of borrowings		-	(5,625)
Dividends paid to Company's shareholders	3	(14,040)	(14,400)
Net cash (outflow) from financing activities		(14,040)	(20,025)
Net increase/(decrease) in cash and cash equivalents		2,991	(4,699)
Cash and cash equivalents at the beginning of the half-year		4,709	13,322
Cash and cash equivalents at the end of the half-year		7,700	8,623

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

SUGAR TERMINALS LIMITED

Notes to the financial statements

31 DECEMBER 2008

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SUGAR TERMINALS LIMITED

Notes to the financial statements

31 DECEMBER 2008

Note 1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 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 2008 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	
	2008	2007
	\$'000	\$'000
Ordinary shares		
Final dividend for the year ended 30 June 2008 of 3.9 cents (2007 – 4 cents) per share paid on 30 September 2008.		
Fully franked based on tax paid @ 30%	14,040	14,400
	<u>14,040</u>	<u>14,400</u>

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 3.7c per fully paid ordinary share will be paid on 31 March 2009, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid is \$13,320,000 out of retained profits at 31 December 2008, but is not recognised as a liability at the end of the half-year.

Note 4 Events occurring after the balance sheet date

On 6 January 2009, the company entered into a binding heads of agreement with Queensland Sugar Limited (QSL) to sub-lease to QSL the bulk sugar terminals (BSTs) commencing on 1 January 2009.

Key terms of the heads of agreement are:

- fixed annual rental of \$42.0 million for 5 years commencing 1 January 2009;
- initial sublease period of 5 years with an additional period of 5 years provided both STL and QSL notify renewal of the sublease by 30 June 2013;
- mechanism for determination of rental for second 5 years agreed in principle;
- STL has right to terminate the sublease if QSL's percentage of Queensland bulk sugar exports falls below 75%

SUGAR TERMINALS LIMITED

Notes to the financial statements

31 DECEMBER 2008

and STL has termination rights in respect of individual terminals if QSL's contracted volumes represent less than 30% of a terminal's throughput in a crush season; and

- documentation of the sublease to be undertaken in good faith and completed by 31 March 2009 or such other agreed date.

Note 5 Economic Dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the half-year ended 31 December 2008, 99% (2007 – 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 2008

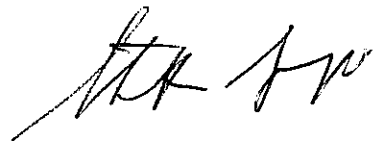
In the directors' opinion:

- (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 2008 and of its performance 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
11 March 2009



S Guazzo
Director
Brisbane
11 March 2009

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 2008, 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 2008 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/audited financial report

This auditor's report relates to the financial report of the company for the year ended 31 December 2008 included on Sugar Terminals Limited's web site. The company's directors are responsible for the integrity of the Sugar Terminals Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named 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 audited financial report to confirm the information included in the reviewed/audited financial report presented on this web site.

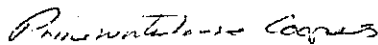
Independence

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

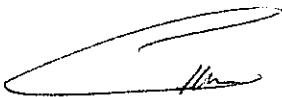
Conclusion

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 2008 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

11 March 2009