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**Sugar Terminals Limited**  
**Annual General Meeting 2009**  
**Chairman's Address**

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Firstly let me talk about the financial results for the year ended 30 June 2009 and other related matters.

The net profit after income tax was \$24.8 million which compares with a net profit for the previous year of \$25.1 million. The decline in profit was principally due to the reduced rental amount received under the new Sub-lease agreement with Queensland Sugar Limited. This was partially offset by a forfeited deposit of \$1.8 million on a contract for the sale of the Brisbane Terminal.

## **Dividends**

The company's dividend payment policy remains in that dividends are payable twice annually at the highest amounts possible, having regard to the Company's overall cash position. In accordance with this policy the directors resolved to pay a final dividend of 3.2 cents per share fully franked as to 30% (a total of \$11.52 million) from retained profits. That dividend was paid on 30 September 2009. An interim dividend of 3.7 cents per share fully franked as to 30% (a total of \$13.32 million) was paid on 31 March 2009.

On 16 October 2009, Sugar Terminals paid a Special Dividend of 5.8 cents per share franked as to 50% on tax paid at 30% (a total of 20.88 million). This amount is approximately the after tax profit on the sale of the Brisbane terminal.

Depending upon the outcome of shareholder class meetings at the conclusion of this Annual General Meeting the Company is proposing a pro rata return of capital of 3.5 cents per share (a total of \$12.6 million) to shareholders. \$7.6 million of this capital reduction will be proceeds of the sale of the Brisbane terminal sale, with the remaining funds to come from cash surpluses arising during the year ended 30 June 2009.

In the 2009 calendar year Sugar Terminals expects to make cash distributions to shareholders of 16.2 cents per share (a total of \$58.3 million).

## **Cash**

Sugar Terminals Limited has no cash borrowings although we do have lines of credit available for drawdown with our bankers.

## **Queensland Sugar Limited**

A new five year sub-lease with QSL effective from 1 January 2009 was executed during the year. The rental will be at the rate of \$42 million per year subject to adjustment for capital expenditure.

Valuation parameters for infrastructure companies such as Sugar Terminals have changed markedly in very recent times and interest rate movements have a major effect on the overall outcome. Overall the directors consider the new sublease is a good outcome for STL in that it provides a strong revenue base and also provides for flexibility regarding any future arrangements either collectively or individually.

## **The Terminals**

### **Brisbane**

The Brisbane terminal was sold. Settlement was made on 21 September 2009. Two previous contracts for sale of the terminal did not complete. Originally the final contract was for \$36 million. After further negotiation the sale price was reduced to \$34.2 million. A very good outcome in a difficult market and difficult financial times.

### **Cairns**

The long term licence agreement with the Department of Defence to allow the Royal Australian Navy to use the Cairns wharf when not in use for sugar and related products was signed after four years of negotiations. The rent will be shared with QSL.

### **Townsville**

We have exhausted all avenues to enable the air support conveyors to operate properly and effectively. The decision has been taken to replace the air support system with a conventional system. Engineering studies have been carried out and have determined that the existing conveyor support system can be used for the

conventional system. Tender documentation will be issued within the next two weeks.

Rectification of the longitudinal floor cracking of the new shed is being fixed over a three year period.

The water leaks in the tunnels have been fixed.

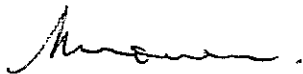
The new sweet water tank farm is now in place.

### **In Conclusion**

I would like to thank my fellow Board members Mark Day, John Grasso, Steve Guazzo and Jim Hesp and of course our General manager Richard Farquhar for their contribution throughout what has been a very busy year.

John Grasso retires by rotation at the conclusion of this meeting and is not offering himself for re-election. John has been a very diligent director and contributor over the six years he has been a board member.

I am sure all Board members join me in thanking him for his contribution.



MD Brown

**Chairman**

Brisbane

30 October 2009