

SUGAR TERMINALS LIMITED ABN 17 084 059 601
Annual report – 30 JUNE 2011

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SUGAR TERMINALS LIMITED

Corporate directory

30 JUNE 2011

Directors

Stuart C Gregory
Chairman

Andrew S Cappello

Constantine A Christofides

Mark R Day

Stephen Guazzo

Secretary

Richard B Farquhar

Principal registered office in Australia

Level 3, IBM Building
348 Edward St, Brisbane Qld 4000

Share register

Sugar Terminals Limited Share Registry
C/- Link Market Services Limited
Level 15, ANZ Building, 324 Queen Street, Brisbane QLD 4000
GPO Box 35, Brisbane QLD 4001

Auditor

PricewaterhouseCoopers
GPO Box 150
Brisbane QLD 4001

Solicitors

Clayton Utz
GPO Box 55
Brisbane QLD 4001

Bankers

National Australia Bank
Capital Office
Ground Floor, 308-322 Queen Street
Brisbane QLD 4000

Stock exchange listing

Sugar Terminals Limited "G" class shares are listed on the National Stock Exchange of Australia.

Website

www.sugarterminals.com.au

SUGAR TERMINALS LIMITED

Directors' report

30 JUNE 2011

Directors

The following persons were directors of Sugar Terminals Limited (STL) during the whole of the financial year and up to the date of this report:

Mr Mark R Day
Mr Stephen Guazzo
Mr Constantine A Christofides

Mr Stuart C Gregory was appointed as a Director on 13 August 2010
Mr Michael D Brown retired on 29 October 2010.
Mr James F Hesp retired on 29 October 2010.
Mr Andrew S Cappello was appointed as a Director on 29 October 2010.

Principal activities

During the year the principal continuing activities of the Company consisted of:

- (a) Ownership of bulk sugar terminal assets;
- (b) Protection of the bulk sugar terminals;
- (c) Managing, development and financing of bulk sugar terminals;
- (d) Managing the sub-lease of the terminals to Queensland Sugar Ltd.

There have been no significant changes in the principal continuing activities during the year.

	Comparative financial information				
	2011	2010	2009	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations	43,335	43,040	47,390	50,283	49,965
Profit attributable to members of STL	18,794	41,489	24,767	25,111	24,658

Balance sheet

Current assets	28,297	11,697	18,137	12,906	13,531
Non-current assets	328,184	329,286	336,150	343,977	360,042
Current liabilities	(23,944)	(6,631)	(6,103)	(6,244)	(19,466)
Non-current liabilities	(6,291)	(6,380)	(6,261)	(6,123)	(5,902)
Net assets	326,246	327,972	341,923	344,516	348,205

Dividends – Sugar Terminals Limited

Dividends provided for or paid to members during the financial year were as follows:

	2011	2010
	\$'000	\$'000
Final dividend for the year ended 30 June 2010 of 2.8 cents per share, (2009 – 3.2 cents per share), fully franked based on tax paid of 30%, paid on 30 September 2010.	10,080	11,520
Special dividend of 5.8 cents per share, 50% franked based on tax paid of 30%, paid on 16 October 2009.		20,880
Interim dividend for the year ended 30 June 2011 of 2.9 cents per share (2010 – 2.9 cents per share), fully franked (2010 – 70% Franked) based on tax paid of 30%, paid on 21 January 2011.	10,440	10,440
	<u>20,520</u>	<u>42,840</u>

Since the end of the financial year the directors have determined that a final ordinary dividend of \$10.44 million (2.9 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 30 September 2011 to shareholders whose names are recorded on the Register on 15 September 2011.

SUGAR TERMINALS LIMITED

Directors' report (continued)

30 JUNE 2011

Review of operations

There were no material changes to the Company's operations during the year.

Although not having a material financial effect on the company, Cyclone Yasi caused major damage to the company's terminal facilities at Lucinda in January 2011. Repairs are scheduled to be completed by March 2012 and will be paid by our insurer.

Significant changes in the state of affairs

There were no material changes in the state of affairs during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations

There were no likely developments in the operations of the Company that were not finalised at the date of this report.

Environmental regulation

Queensland Sugar Limited, manager of the Bulk Sugar Terminal Assets under a sub-lease arrangement with the Company, takes responsibility for the environmental impact of the Terminals and holds the environmental licences under the Environmental Protection Act 1994.

Information on directors

Andrew S Cappello

Experience and Expertise

Chairman: Mackay Sugar Ltd, Pioneer Valley Water Board and Pioneer Valley Water Co-operative.

Director: Australian Sugar Milling Council, Queensland Co-operative Federation, Sugar Australia Pty Ltd, New Zealand Sugar Company, Mackay Area Productivity Services Pty Ltd.

Former director of the Australian National Committee for Irrigation and Drainage.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Interest in shares and options

37956 "G" class shares in Sugar Terminals Ltd

Constantine A Christofides

Experience and Expertise

Director and trustee of various private companies. Director of South Burdekin Community Financial Services Ltd

Management of family cane farm in Burdekin region.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Interest in shares and options

1,000,000 "G" class shares in Sugar Terminals Limited

SUGAR TERMINALS LIMITED

Directors' report (continued)

30 JUNE 2011

Mark R Day

Experience and Expertise

Bachelor of Applied Science (Mathematics). Executive General Manager Sugar Mills, Sucrogen Limited. Chairman: Australian Sugar Milling Council Pty Ltd, Director: Australian Sugar Industry Alliance Ltd and a number of wholly owned subsidiaries of Sucrogen Ltd.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Member of Audit & Risk Committee

Interest in shares and options

None

Stuart C Gregory

Experience and Expertise

Experienced company director with extensive experience in professional services, investment banking, manufacturing and agribusiness. Bachelor of Commerce (Hons). Certified Practising Accountant. Member Australian Institute of Company Directors. Director of Australian Food & Fibre Ltd and Brisbane Housing Company Ltd.

Other current directorships of listed entities

LandMark White Ltd

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Chairman of the board

Interest in shares and options

None

Stephen Guazzo

Experience and Expertise

Third generation canegrower. Director/Deputy Chairman of Herbert Canegrowers Limited. Director of Queensland Canegrowers Limited. Director/Chairman of Herbert Canegrowers Co-op Society. Director of Sugar Research and Development Corporation. Director of several private companies.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Member of Audit & Risk Committee

Interest in shares and options

256,020 "G" class shares in Sugar Terminals Limited

SUGAR TERMINALS LIMITED

Directors' report (continued)

30 JUNE 2011

Company secretary

The Company Secretary and General Manager is Mr Richard Farquhar B.Com CA FCIS. Mr Farquhar was appointed to this position in October 2003. Prior to joining Sugar Terminals Ltd he was the CFO and Company Secretary of the Australian subsidiary of a US listed public company for twenty years up to 1998 and in the interim period worked for insolvency practitioners managing businesses during insolvency administration.

Meeting of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

	Directors' Meetings		Committee Meetings Audit & Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Michael D Brown	4	4	*	*
Andrew S Cappello	5	4	*	*
Constantine A Christofides	9	9	*	*
Mark R Day	9	8	3	3
Stuart C Gregory	6	6	*	*
Stephen Guazzo	9	9	3	3
James F Hesp	4	4	*	*

* MD Brown, AS Cappello, CA Christofides, SC Gregory and JF Hesp are not members of the Audit and Risk Committee

Remuneration report

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed periodically by the Board.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2010.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum aggregate amount currently stands at \$200,000.

The following fees (excluding statutory superannuation) have applied:

	From 1 July 2010	From 1 July 2009 to 30 June 2010
Chairman	73,800	71,600
Other non-executive directors	26,800	26,000

SUGAR TERMINALS LIMITED
Directors' report (continued)
30 JUNE 2011

Retirement Allowances for Directors

Non-executive directors are not entitled to retirement allowances.

Executive pay

The executive pay and reward framework has two components:

- base pay and benefits
- short-term performance incentives
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

The executive is offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay is reviewed annually to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases fixed in the executive's contract.

Benefits

The executive receives a car parking benefit.

Short-term incentives

The executive has a target short-term incentive (STI) opportunity depending on the Company's performance. Each year the board considers appropriate targets and key performance indicators (KPI's) to link the STI plan and the level of payouts if targets are met. Short-term bonus payments may be adjusted up or down in line with under or over achievements against the target performance levels, at the discretion of the board.

Details of remuneration

Amounts of remuneration

Details of the remuneration of each director of Sugar Terminals Limited and the only executive, are set out in the following tables.

Key management personnel of Sugar Terminals Limited

2011	Short-term employee benefits	Post-employment benefits	Shared-based payment	
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
<i>Non-executive directors</i>				
MD Brown (Chairman to 29 Oct 2010)	-	26,450	-	26,450
AS Cappello	9,803	9,803	-	19,606
SC Gregory (Chairman from 29 Oct 2010)	54,115	4,969	-	59,084
C Christofides	4,212	25,000	-	29,212
MR Day	26,800	-	-	26,800
S Guazzo	6,700	22,512	-	29,212
JF Hesp	8,812	793	-	9,605
Sub total non-executive directors	110,442	89,527	-	199,969
<i>Key management personnel</i>				
RB Farquhar	190,000	49,998	-	239,998
Total	300,442	139,525	-	439,967

SUGAR TERMINALS LIMITED
Directors' report (continued)
30 JUNE 2011

2010	Short-term employee benefits		Post-employment benefits	Shared-based payment
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
<i>Non-executive directors</i>				
MD Brown (Chairman)	28,044	50,000	-	78,044
C Christofides	10,929	8,069	-	18,998
MR Day	26,000	-	-	26,000
JJ Grasso	8,571	771	-	9,342
S Guazzo	6,500	21,840	-	28,340
JF Hesp	6,500	21,840	-	28,340
Sub total non-executive directors	86,544	102,520	-	189,064
<i>Key management personnel</i>				
RB Farquhar	178,005	49,995	-	228,000
Total	264,549	152,515	-	417,064

Service agreements

The Company does not have any service agreements with key management personnel.

Share-based compensation

The Company does not have any share-based compensation plan. Directors and executives do not have any rights to subscribe for equity or debt securities of the Company.

Additional Information

Loans to directors and executives

There are no loans to directors or executives.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*.

	2011 \$	2010 \$
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During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

Non-audit services

PricewaterhouseCoopers Australian firm:

Advice regarding income tax implications of the Sublease to QSL

4,450 -

Advice regarding dividends and capital returns

- 12,760

Total remuneration for taxation services

4,450 12,760

Other services

Non-PricewaterhouseCoopers firm (MHM Accountants)

18,500 23,500

Total remuneration for other services

18,500 23,500

SUGAR TERMINALS LIMITED

Directors' report (continued)

30 JUNE 2011

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporation Act 2001* is set out on page 11.

Corporate Governance

The Board of Directors is responsible for the overall direction of Sugar Terminals Limited business and affairs on behalf of the Company. In running STL for the benefit of all shareholders, the Board and management act within the framework of requirements, expectations and interests of customers and communities.

Major policy decisions are a matter for the Board as a whole. The Audit and Risk Committee is the Board's only standing committee. It comprises Directors Mr S Guazzo and Mr M R Day. The functions of the committee are to keep the following matters under review and report to the STL Board as appropriate:

- quality of external audits
- independence of external auditor
- scope of external audit
- scope of non-audit services performed by external auditor
- accounting procedures and reporting
- adequacy of accounting controls
- financial investment planning and reporting
- compliance with legislation
- maintenance of records and minutes
- identification of risk
- insurance of STL assets
- maintenance of STL assets

Top 10 shareholders

Lists of the top 10 'G' class shareholders and all of the 'M' class shareholders as at the date of this report are set out below:

'G' class shareholders

<u>Shareholder</u>	<u>Number of Shares</u>
Anthoan Pty Ltd	11,515,155
MSF Investments Pty Ltd	11,494,226
QSL Investments (No 1) Pty Ltd	11,467,410
QSL Investments (No 2) Pty Ltd	11,467,410
The Maryborough Sugar Factory Limited	11,446,455
Queensland Sugar Limited	5,988,954
Sucrogen Investments Pty Ltd	1,111,343
Jaswel Pty Ltd <The Jaswel Family A/C>	1,050,752
Mr Constantine Christofides & Mr Constantine Christofides <The Christofides Bros A/C>	1,000,000
Rosario Sgroi	547,928

'M' class shareholders

<u>Shareholder</u>	<u>Number of Shares</u>
Sucrogen Investments Pty Ltd	59,824,003
Mackay Sugar Limited	26,064,452
Bundaberg Sugar Ltd	15,328,437
The Mulgrave Central Mill Company Limited	9,505,841
Tully Sugar Limited	6,016,179
Proserpine Co-operative Sugar Milling Association Limited	5,986,952
Isis Central Sugar Mill Co Ltd	4,085,698
The Maryborough Sugar Factory Limited	3,840,235

SUGAR TERMINALS LIMITED

Directors' report (continued)

30 JUNE 2011

Insurance of officers

Premiums have been paid in respect of policies of insurance for current and former Directors and officers. Disclosure of the nature of the liabilities insured by these contracts and the premiums paid under these contracts of insurance is prohibited by the terms of the contracts.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

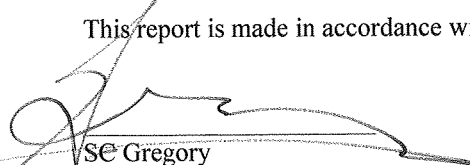
Rounding of amounts

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.

Auditor

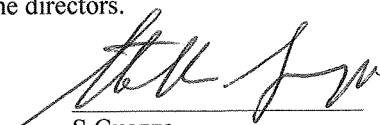
PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.



SE Gregory
Brisbane

8 September 2011



S Guazzo
Brisbane

8 September 2011



Auditor's Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2011, 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 audit; and
 - b) no contraventions of any applicable code of professional conduct in relation to the audit.
- This declaration is in respect of Sugar Terminals Limited during the period.

A handwritten signature in black ink, appearing to read 'Timothy J Allman', enclosed within a large, hand-drawn oval.

Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
8 September 2011

Liability limited by a scheme approved under Professional Standards Legislation

SUGAR TERMINALS LIMITED ABN 17 084 059 601

Annual financial report – 30 JUNE 2011

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The financial report is presented in the Australian currency.

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
Level 3, IBM Building
348 Edward St
BRISBANE QLD 4000

A description of the Company's operations and its principal activities is included in the review of operations and activities on page 4 in the directors' report which is not part of this financial report.

The financial report was authorised for issue by the directors on 8 September 2011.

SUGAR TERMINALS LIMITED
Statement of comprehensive income
For the year ended 30 JUNE 2011

	Notes	2011 \$'000	2010 \$'000
Revenue from continuing operations	5	43,335	43,040
Other income	6	-	26,380
Depreciation expense	7	(10,705)	(10,847)
Professional fees expense		(237)	(396)
Insurance expense		(1,810)	(1,259)
Net loss on disposal of investment properties	7	(2,776)	(-)
Other expenses		(626)	(829)
Profit before income tax		27,181	56,089
Income tax expense	8	(8,387)	(14,600)
Total comprehensive Income for the year	16	18,794	41,489

		2011 Cents	2010 Cents
Earnings per share for profit from continuing and discontinued operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share	26	5.22	11.52

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

SUGAR TERMINALS LIMITED**Balance sheet**

As at 30 JUNE 2011

	Notes	2011 \$'000	2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	27,804	11,689
Trade and other receivables	10	493	8
Total current assets		<u>28,297</u>	<u>11,697</u>
Non-current assets			
Investment properties	11	<u>328,184</u>	<u>329,286</u>
Total non-current assets		<u>328,184</u>	<u>329,286</u>
Total assets		<u>356,481</u>	<u>340,983</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	22,405	3,418
Current tax liabilities	13	<u>1,539</u>	<u>3,213</u>
Total current liabilities		<u>23,944</u>	<u>6,631</u>
Non-current liabilities			
Deferred tax liabilities	14	<u>6,291</u>	<u>6,380</u>
Total non-current liabilities		<u>6,291</u>	<u>6,380</u>
Total liabilities		<u>30,235</u>	<u>13,011</u>
Net assets		<u>326,246</u>	<u>327,972</u>
EQUITY			
Contributed equity	15	317,628	317,628
Retained earnings	16	<u>8,618</u>	<u>10,344</u>
Total equity		<u>326,246</u>	<u>327,972</u>

The above balance sheet should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED**Statement of changes in equity**

For the year ended 30 JUNE 2011

	Notes	Contributed Equity \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2009		330,228	11,695	341,923
Total comprehensive income for the year			41,489	41,489
Transactions with owners in their capacity as owners				
Dividends provided for or paid	17	-	(42,840)	(42,840)
Return of Capital	15	(12,600)	-	(12,600)
		(12,600)	(42,840)	(55,440)
Balance at 30 June 2010		317,628	10,344	327,972
Total comprehensive income for the year			18,794	18,794
Transactions with owners in their capacity as owners				
Dividends provided for or paid	17		(20,520)	(20,520)
Balance at 30 June 2011		317,628	8,618	326,246

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SUGAR TERMINALS LIMITED**Statement of cash flows**

For the year ended 30 JUNE 2011

	Notes	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		46,904	46,699
Payments to suppliers and employees (inclusive of goods and services tax)		(5,892)	(9,505)
		<u>41,012</u>	<u>37,194</u>
Insurance claim received advance		10,000	-
Interest received		702	586
Rent received in advance		3,850	-
Income taxes paid		(10,150)	(13,892)
Net cash inflow from operating activities	25	<u>45,414</u>	<u>23,888</u>
Cash flows from investing activities			
Payments for investment properties		(8,779)	(4,674)
Proceeds from sale of investment property		-	37,462
Net cash inflow (outflow) from investing activities		<u>(8,779)</u>	<u>32,788</u>
Cash flows from financing activities			
Return of capital		-	(12,600)
Dividends paid to Company's shareholders		(20,520)	(42,840)
Net cash (outflow) from financing activities		<u>(20,520)</u>	<u>(55,440)</u>
Net increase in cash and cash equivalents		16,115	1,236
Cash and cash equivalents at the beginning of the financial year		<u>11,689</u>	<u>10,453</u>
Cash and cash equivalents at the end of the year	9	<u>27,804</u>	<u>11,689</u>

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

SUGAR TERMINALS LIMITED
Notes to the financial statements
30 JUNE 2011

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Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial report of Sugar Terminals Ltd also complies with International Financial Reporting Standards (IFRS) as used by the International Accounting Standards Board (IASB)

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Rental revenue:

Rental revenue from operating leases is recognised in income on a straight-line basis over the lease term.

(ii) Interest revenue:

Interest revenue is recognised on a time proportion basis.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term (Note 11).

(f) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(i) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(j) Investment property

Investment property is shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Leasehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Buildings	50 – 80 years
- Plant and equipment	7 – 50 years

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(k) Impairment of assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(o) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Retirement benefit obligations

Contributions are made by the Company to an employee's superannuation fund and are charged as expenses when incurred.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Dividends

Provision is made for the amount of any dividend declared being appropriately authorised and no longer at the discretion of the Company, on or before the end of the year but not distributed at balance date.

(r) Earnings per share

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods.

Accounting standards that have been issued or amended which are deemed inapplicable or will have no impact on the Company's financial statements are as follows:

- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (effective from 1 February 2010)
- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)
- Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)
- AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)
- AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

Note 2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

(a) Credit risk

The Company had no significant concentrations of credit risk.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities, both of which the Company considers at all times.

(i) Financing arrangements

The company had access to the following undrawn borrowing facility at the reporting date

	2011	2010
	\$'000	\$'000
Floating rate		
Expiring within one year	3,000	3,000
(bank overdraft)		

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

(c) Market risk

(i) Foreign exchange risk

The Company is not exposed to foreign exchange risk arising from currency exposure.

(ii) Price risk

The Company is not exposed to equity securities price risk.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. At the date of signing this report, there are no estimates or assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgements in applying the Company's accounting policies

There have been no significant judgements made in the application of the Company's accounting policies that have a material impact on the amounts recognised in the financial report.

Note 4 Segment information

Business segments

The Company operates in one industry, being the sugar industry and in one geographical segment, being Queensland, Australia.

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

Note 5 Revenue

	2011 \$'000	2010 \$'000
Revenue from continuing operations		
Rental revenue	42,000	42,000
Share of Defence licence fee	349	281
Storage of other products	276	150
	<u>42,625</u>	<u>42,431</u>
Other revenue		
Interest revenue	702	586
Other	8	23
	<u>710</u>	<u>609</u>
	<u>43,335</u>	<u>43,040</u>

Note 6 Other Income

	2011 \$'000	2010 \$'000
Profit on sale of Brisbane terminal	-	26,380
	<u>-</u>	<u>26,380</u>

Note 7 Expenses

	2011 \$'000	2010 \$'000
Profit before income tax includes the following specific expenses:		
Expenses		
Depreciation		
Investment properties	10,700	10,847
Total depreciation	<u>10,700</u>	<u>10,847</u>
Net loss on disposal of investment properties	2776	157
Defined contributions superannuation expense	139	152

Note 8 Income tax expense

	2011 \$'000	2010 \$'000
(a) Income tax expense		
Current taxation	8,475	14,353
Deferred tax	(88)	119
Adjustment for current tax of prior period	-	128
	<u>8,387</u>	<u>14,600</u>

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

Deferred income tax expenses included in income tax expense comprises:

	2011	2010
	\$'000	\$'000
Increase in deferred tax liabilities (note 14)	(88)	119
	(88)	119

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense	27,181	56,089
Income tax calculated at the Australian tax rate of 30% (2010 – 30%)	8,154	16,826
Tax effect of permanent differences:		
Non-deductible depreciation	238	238
Investment allowance	-	(50)
Adjustment to deferred tax liability re sale of Brisbane	-	(2,503)
Capital losses from prior year	-	(34)
Sundry items	(5)	(5)
	8,387	14,472
Adjustment for current tax of prior periods	-	128
Income tax expense	8,387	14,600

Note 9 Current assets – Cash and cash equivalents

	2011	2010
	\$'000	\$'000
Cash at bank and on hand	7,804	2,689
Term Deposits	20,000	9,000
	27,804	11,689

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	27,804	11,689
Balances per cash flow statement	27,804	11,689

(b) Cash at bank and on hand

Cash at bank bears a floating interest rate of 4.50% (2010 – 4.25%).

(c) Term Deposit

The term deposit bears an interest rate of 5.37%

(d) Interest rate risk exposure

The Company's exposure to interest rate risk is discussed in note 2.

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

Note 10 Current assets – Trade and other receivables

	2011 \$'000	2010 \$'000
Trade receivables	2	8
Other receivables	491	-
	493	8

(a) Past due but not impaired

Trade receivables do not include any amounts which are past due

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 11 Non-current assets – Investment properties

	Leasehold Land \$'000	Buildings, Plant and Equipment \$'000	Under Construction \$'000	Total \$'000
Year ended 30 June 2011				
Opening net book amount	12,938	315,568	780	329,286
Additions	-	5,785	6594	12,379
Disposals	-	(2,776)		(2,776)
Depreciation charge	-	(10,705)		(10,705)
Closing net book amount	12,938	307,872	7,374	328,184
At 30 June 2011				
Cost	12,938	420,791	7,374	441,103
Accumulated depreciation	-	(112,919)	-	(112,919)
Net book amount	12,938	307,872	7,374	328,184

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

	Leasehold Land \$'000	Buildings, Plant and Equipment \$'000	Under Construction \$'000	Total \$'000
At 1 July 2009				
Cost	12,938	416,908	-	429,846
Accumulated depreciation	-	(93,696)	-	(93,696)
Net book amount	12,938	323,212	-	336,150
Year ended 30 June 2010				
Opening net book amount	12,938	323,212	-	336,150
Additions	-	3,623	780	4,403
Disposals	-	(420)	-	(420)
Depreciation charge	-	(10,847)	-	(10,847)
Closing net book amount	12,938	315,568	780	329,286
At 30 June 2010				
Cost	12,938	419,789	780	433,507
Accumulated depreciation	-	(104,221)	-	(104,221)
Net book amount	12,938	315,568	780	329,286

Investment properties are pledged as security for a bank overdraft facility of \$3 million, as follows:

- Mortgages over leases of area A & B land at Townsville
- Fixed and floating charge over the whole of the Company's assets, excluding its interests in the leases and sub-leases of land at the ports of Cairns, Mourilyan, Lucinda, Bundaberg and Mackay.

Rental revenue derived from investment properties is included in Note 5.

(a) Amounts recognised in the profit and loss for investment property

	2011 \$'000	2010 \$'000
Direct operating expenses, including depreciation, from property that generated rental income	12,510	12,106

(b) Leasing arrangements

The investment properties are leased to Queensland Sugar Limited under an operating lease (Sublease) with rentals payable monthly.

On 1 January 2009 a new 5 year Sublease became effective. Key terms of this Sublease are as follows –

- fixed annual rental of \$42.0 million for 5 years commencing 1 January 2009;
- initial 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

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

The minimum lease payments receivable on leases of investment properties are as follows:

	2011 \$'000	2010 \$'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	42,000	42,000
Later than 1 year but not later than 5 years	63,000	105,000
Later than 5 years	-	-

(c) Fair value

The fair value of investment properties at 30 June 2011 was \$333 million. As there is no market based evidence of the fair value of the terminals, this amount has been calculated by applying an appropriate discount factor to estimated future cash flows in accordance with AASB140.

Note 12 Current liabilities – Trade and other payables

	2011 \$'000	2010 \$'000
Trade payables	6,811	1,396
Insurance claim received in advance	10,000	-
Other payables	5,594	2,022
	<u>22,405</u>	<u>3,418</u>

Note 13 Current liabilities – Current tax liabilities

	2011 \$'000	2010 \$'000
Income tax	1,539	3,213
	<u>1,539</u>	<u>3,213</u>

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

Note 14 Non-current liabilities – Deferred tax liabilities

	2011 \$'000	2010 \$'000
The balance comprises temporary differences attributable to:		
Investment properties	6,291	6,380
	<u>6,291</u>	<u>6,380</u>
Movements:		
Opening balance at 1 July	6,380	6,261
Charged to the income statement	(89)	119
Closing balance at 30 June	<u>6,291</u>	<u>6,380</u>
Deferred tax liabilities to be settled after more than 12 months	6,291	6,380
Deferred tax liabilities to be settled within 12 months	-	-
	<u>6,291</u>	<u>6,380</u>

Note 15 Contributed equity

	2011 Shares	2010 Shares	2011 \$'000	2010 \$'000
(a) Share capital				
Ordinary shares				
Fully paid	360,000,000	360,000,000	<u>317,628</u>	<u>317,628</u>
(b) Movements in ordinary share capital				
			2011 \$'000	2010 \$'000
Opening balance			317,628	330,228
Return of capital			-	(12,600)
Closing balance			<u>317,628</u>	<u>317,628</u>

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote, except that no holder of "G" class shares may vote more than 5% of the total number of "G" class shares.

At 30 June 2011 there were 360 million ordinary shares fully paid, consisting of:

"G" class ordinary shares	229,348,203
"M" class ordinary shares	<u>130,651,797</u>
	<u>360,000,000</u>

During the year ended 30 June 2011, there were no movements in the total number of ordinary shares on issue.

(d) Return of Capital

On 23 November 2009, a pro rata return of capital of \$12.6 million (3.5 cents per share) was paid to all shareholders in proportion to the number of shares they held from the proceeds of the sale of the Brisbane Terminal.

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
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Note 16 Retained earnings

	2011 \$'000	2010 \$'000
Movements in retained earnings were as follows:		
Retained earnings		
Balance at 1 July	10,344	11,695
Total comprehensive income	18,794	41,489
Dividends provided for or paid	(20,520)	(42,840)
Balance at 30 June	<u>8,618</u>	<u>10,344</u>

Note 17 Dividends

	2011 \$'000	2010 \$'000
Ordinary shares		
Final dividend for the year ended 30 June 2010 of 2.8 cents (2009 – 3.2 cents) per share paid on 30 September 2010.		
Fully franked based on tax paid @ 30%	10,080	11,520
Special dividend of 5.8 cents per share paid on 16 October 2009		
50% franked base on tax paid of 30%	-	20,880
Interim dividend for the year ended 30 June 2011 of 2.9 cents (2010 – 2.9 cents) per share paid on 21 January, 2011.		
Fully franked (2010 - 70% franked) based on tax paid @ 30%	10,440	10,440
	<u>20,520</u>	<u>42,840</u>

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have determined that a final dividend of 2.9 cents per fully paid ordinary share will be paid, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid is \$10.44 million but is not recognised as a liability at year end.

Franked dividends

The franked portions of the final dividend recommended after 30 June 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2012.

	2011 \$'000	2010 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 – 30%)	<u>2,981</u>	<u>3,300</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- (c) franking credits that may be prevented from being distributed in subsequent financial years.

The amounts include franking credits that would be available to the Company if distributable profits of the Company were paid as dividends.

The impact on the franking account of the dividend declared by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$4,474,285 (2010: \$4,320,000).

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

Note 18 Key management personnel disclosures

(a) Key management personnel compensation

	2011 \$	2010 \$
Short-term employee benefits	300,442	264,549
Post-employment benefits	139,525	152,515
	<u>439,967</u>	<u>417,064</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 6 to 8

(d) Equity instrument disclosures relating to key management personnel

Share holdings

The number of ordinary shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related entities, are set out below. There were no shares granted during the reporting period as compensation.

	Held at 30 June 2010	Purchases	Other changes during the year	Held at 30 June 2011
C A Christofides	2,219,463	-	(1,219,463)	1,000,000
S Guazzo	256,020	-	-	256,020
A S Cappello	37,956			37,956

(e) Other transactions with key management personnel

Mr MR Day and Mr AS Cappello are directors of Australian Sugar Milling Council Pty Limited. Australian Sugar Milling Council Pty Limited provides administrative and secretarial services to Sugar Terminals Limited. Under the terms of the arrangement provision of these services has been extended to 30 June 2013. The services are provided on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Sugar Terminals Limited:

	2011 \$'000	2010 \$'000
Amounts recognised as expense		
Services provided by Australia Sugar Milling Council Pty Limited.	<u>90</u>	<u>90</u>

Note 19 Remuneration of auditors

	2011 \$	2010 \$
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
(a) Assurance services		
PricewaterhouseCoopers – Australian firm		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i> .	78,775	75,684
Total remuneration for assurance services	<u>78,775</u>	<u>75,684</u>
(b) Taxation services		
PricewaterhouseCoopers – Australian firm		
Advice regarding dividends and capital return	-	12,760
Advice regarding income tax implications of the Sublease to QSL	4,450	-
	<u>4,450</u>	<u>12,760</u>

Note 20 Contingent liabilities

The company does not have any contingent liabilities.

Note 21 Commitments

Considerable damage was caused by Cyclone Yasi at the Lucinda terminal. Under the terms of the lease from the port, the company is required to repair this damage. The cost of the repairs will be paid for by the company's insurer who has made an advance payment of \$10 million towards the cost of these repairs. It is expected that the repairs will be completed by 31 March 2012.

Note 22 Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in Note 18.

Note 23 Economic dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2011 97% (2010 – 60%) of the Company's revenue was sourced from QSL under the Company's sub-lease agreement with that company.

Note 24 Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

SUGAR TERMINALS LIMITED
Notes to the financial statements (continued)
30 JUNE 2011

Note 25 Reconciliation of profit after income tax to net cash inflow from operating activities

	2011 \$'000	2010 \$'000
Profit for the year	18,794	41,489
Depreciation	10,705	10,847
Net loss (gain) on disposal of non-current assets	2,776	(26,223)
Decrease (increase) in trade and other receivables	(485)	-
Increase (decrease) in trade and other payables	15,386	(2,933)
Increase (decrease) in current tax liabilities	(1,674)	589
Increase (decrease) in deferred tax liabilities	(88)	119
Net cash inflow from operating activities	<u>45,414</u>	<u>23,888</u>

Note 26 Earnings per share

	2011 Cents	2010 Cents
(a) Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	5.22	11.52
	2010 \$'000	2011 \$'000
(b) Reconciliation of earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
From continuing operations	18,794	41,489
	2011 Number	2010 Number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 15).	<u>360,000,000</u>	<u>360,000,000</u>

SUGAR TERMINALS LIMITED

Directors' declaration

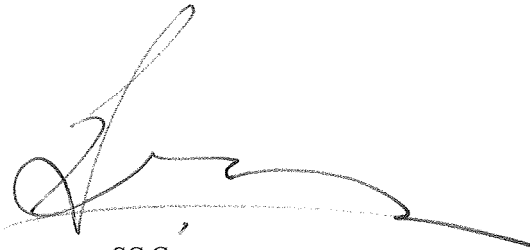
30 JUNE 2011

In the directors' opinion:

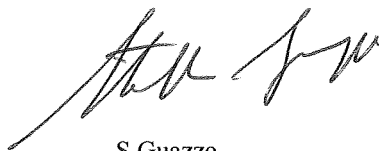
- (a) the financial statements and notes set out on pages 12 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001*.

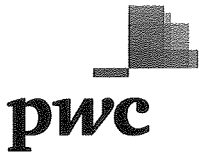
This declaration is made in accordance with a resolution of the directors.



SC Gregory
Director
Brisbane
8 September 2011



S Guazzo
Director
Brisbane
8 September 2011



Independent auditor's report to the members of Sugar Terminals Limited

Report on the financial report

We have audited the accompanying financial report of Sugar Terminals Limited (the company), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Sugar Terminals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

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- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 8 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Sugar Terminals Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

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A handwritten signature in black ink, appearing to read 'Timothy J Allman', written over a large, stylized oval shape.

Timothy J Allman
Partner

Brisbane
8 September 2011