SUGAR TERMINALS LIMITED ABN 17 084 059 601
Annual report – 30 June 2015

Contents

SUGAR TERMINALS LIMITED
Corporate directory
30 June 2015

Directors	Stuart C Gregory *Chairman* Andrew S Cappello Constantine A Christofides Shayne W Rutherford Donald A Watson
Company Secretary / General Manager	Richard B Farquhar (retired 31 July 2015) Peter W Trimble (appointed 31 July 2015)
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 Locked Bag A14 Sydney NSW 1235
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 2015

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 Andrew S Cappello
Mr Constantine A Christofides
Mr Stuart C Gregory
Mr Shayne W Rutherford
Mr Donald A Watson

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 Sublease of the terminals to Queensland Sugar Ltd.

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

	Comparative financial information				
	2015	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000
Revenue from continuing operations	**47,023**	45,391	43,899	43,973	43,335
Profit attributable to members of STL	**22,930**	21,554	20,684	20,847	18,794
Balance sheet					
Current assets	**24,193**	18,680	20,375	19,434	28,297
Non-current assets	**323,738**	323,840	325,836	324,540	328,184
Current liabilities	**(12,358)**	(8,546)	(12,627)	(11,302)	(23,944)
Non-current liabilities	**(7,552)**	(6,923)	(6,487)	(6,099)	(6,291)
Net assets	**328,021**	327,051	327,097	326,573	326,246

Dividends – Sugar Terminals Limited
Dividends provided for or paid to members during the financial year were as follows:

	2015	**2014**
	$'000	**$'000**
Final dividend for the year ended 30 June 2014 of 3 cents per share, (2013 – 3 cents per share), fully franked based on tax paid of 30%, paid on 30 September 2014.	**10,800**	**10,800**
Interim dividend for the year ended 30 June 2015 of 3.1 cents per share (2014 – 3 cents per share), fully franked based on tax paid of 30%, paid on 31 March 2015.	**11,160**	**10,800**
	21,960	**21,600**

Since the end of the financial year, the directors have determined that a final ordinary dividend of $11.16 million (3.1 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 30 September 2015 to shareholders whose names are recorded on the Register on 11 September 2015.

Review of operations
There were no material changes to the Company's operations during the year. The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2015 99% (2014 – 99%) of the Company's revenue was sourced from QSL under the Company's Sublease agreement with that company.

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 2015 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 Sublease 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. Member of the Australian Institute of Company Directors. 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)
Member of Audit & Risk Committee

Interest in shares and options
117,956 "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)
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 Practicing Accountant. Member Australian Institute of Company Directors. Director of Australian Food & Fibre Ltd, Brisbane Housing Company Ltd and Catalyst Affordable Housing Ltd.

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
LandMark White Ltd

Special Responsibilities
Chairman of the board

Interest in shares and options
None

Shayne W Rutherford
Experience and Expertise
Executive General Manager, Strategy and Business Development and Executive Director, Wilmar Sugar Australia Ltd. Expertise in strategy, mergers & acquisitions and project development with experience in a broad range of industries including agribusiness, oil and gas, manufacturing, consulting and petrochemical. B.E. Mechanical (Hons 1) and MBA. Former Director of Harwood Nominees Pty Ltd, the trustee of the Harwood Super Fund and former Director of BSES Ltd. Graduate member of the Australian Institute of Company Directors.

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
None

Donald A Watson
Experience and Expertise
Manager and Director of 500 hectare cane farm. Member of Mossman Canegrowers Committee since 1990, Chairman since 2001. Former Director of Queensland Canegrowers Organisation and a current Policy Council member. Served on Mossman Sugar Pricing Group. Graduate Australian Rural Leadership Course (5) 1999.

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
248,196 "G" class shares in Sugar Terminals Limited

Company secretary & general manager
Mr Richard Farquhar B.Com CA retired as the Company Secretary and General Manager on 31 July 2015. 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.

Mr Peter Trimble commenced in the position in July 2015. Mr Trimble, B Comm CPA GAICD, has worked as a Senior Finance Executive in Public and Private Companies across a wide range of industries including Building & Construction Products, Sugar, Aluminium, Childcare and Motorsport. He has extensive experience in accounting, finance, strategic planning, mergers & acquisitions and business restructuring in both the United States and Australia.

Meetings of directors
The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2015, 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**
Andrew S Cappello	7	7	2	2
Constantine A Christofides	7	7	2	2
Stuart C Gregory	7	7	*	*
Shayne W Rutherford	7	7	*	*
Donald A Watson	7	7	*	*

*SC Gregory, SW Rutherford and DA Watson 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.

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 are elected for a period of 3 years subject to re-election. No notice is required for termination.

Directors' fees
The directors' remuneration is reviewed with effect from 1 July each year.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically subject to approval by shareholders. The maximum aggregate annual amount currently stands at $250,000.

The following fees (excluding statutory superannuation) have applied:

	From 1 July 2014 to 30 June 2015	**From 1 July 2013 to 30 June 2014**
Chairman	$81,700	$79,300
Other non-executive directors	$29,700	$28,800

Retirement Allowances for Directors
Non-executive directors are not entitled to retirement allowances or termination payments.

Executive pay
The general manager's employment contract does not have a minimum term and he is required to give 3 months notice of termination.

The general manager's pay and reward framework has three 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 general manager is offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay is reviewed annually to ensure the remuneration is competitive with the market.

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

Benefits
Mr Richard Farquhar received a car parking benefit.

Short-term incentives
The general manager has a target short-term incentive (STI) opportunity. 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.

The following table illustrates movement in shareholder wealth over the past five years

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Profit attributable to members of STL	22,930	21,554	20,684	20,847	18,794
Dividends (relating to the year)					
Interim	10,800	10,800	10,080	10,080	10,440
Final	11,160	$10,800	$10,800	10,080	10,440
Earnings per share basic	6.37c	5.99c	5.75c	5.79c	5.22c
Share price at 30 June ($)	$0.75	$0.63	$0.63	$0.63	$0.70

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

2015	**Short-term employee benefits**			**Post-employment benefits**	**Total**
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Superannuation $**	**$**
Non-executive directors					
AS Cappello	9,490	-	-	23,032	32,522
CA Christofides	2,522	-	-	30,000	32,522
SC Gregory (Chairman)	81,700	-	-	7,762	89,462
SW Rutherford	32,522	-	-	-	32,522
DA Watson	29,700	-	-	2,822	32,522
Sub total non-executive directors	**155,934**	**-**	**-**	**63,616**	**219,550**
Key management personnel					
RB Farquhar	209,132	36,368	6,300	35,000	286,800
Total	**365,066**	**36,368**	**6,300**	**98,616**	**506,350**

Changes since the end of the reporting period
RB Farquhar retired from the position of Company Secretary and General Manager on 31 July 2015.

2014	**Short-term employee benefits**			**Post-employment benefits**	**Total**
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Superannuation $**	**$**
Non-executive directors					
AS Cappello	15,732	-	-	15,732	31,464
CA Christofides	6,464	-	-	25,000	31,464
SC Gregory (Chairman)	79,300	-	-	7,335	86,635
SW Rutherford	31,464	-	-	-	31,464
DA Watson	28,800	-	-	2,664	31,464
Sub total non-executive directors	**161,760**	**-**	**-**	**50,731**	**212,491**
Key management personnel					
RB Farquhar	187,000	50,000	6,825	35,000	278,825
Total	**348,760**	**50,000**	**6,825**	**85,731**	**491,316**

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*.

	2015	2014
	$	$
During the year the following fees were paid or payable for non-audit services provided by the auditor of the Company and its related practices:		
Non-audit services		
PricewaterhouseCoopers Australian firm:	**nil**	nil

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.

The company has a corporate governance manual which is reviewed regularly to ensure that the company complies with the corporate governance requirements of the NSXA.

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 was comprised of Directors Mr AS Cappello (Chairman) and Mr CA Christofides for the whole of the year. 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

Top 10 shareholders

The company has 'G' class shares, the acquisition of which is restricted to Active Growers and 'M' class shares which are restricted to Active Millers.

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

Shareholder	*Number of Shares*
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
MSF Sugar Limited	11,446,455
Queensland Sugar Limited	10,724,821
MP Australia Investments Pty Ltd	3,648,670
Jaswel Pty Ltd <The Jaswel Family A/C>	2,005,541
Wilmar Sugar Australia Investments Pty Ltd	1,111,343
Tully Sugar Limited	652,538

'M' class shareholders

Shareholder	*Number of Shares*
Wilmar Sugar Australia Investments Pty Ltd	65,810,955
Mackay Sugar Limited	32,730,150
MSF Sugar Limited	16,568,672
The Mulgrave Central Mill Company Limited	9,505,841
Tully Sugar Limited	6,016,179
Isis Central Sugar Mill Co Ltd	20,000

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.

SC Gregory	AS Cappello
Brisbane	Brisbane
10 September 2015	10 September 2015

Auditor's Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
10 September 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

SUGAR TERMINALS LIMITED ABN 17 084 059 601
Annual financial report – 30 June 2015

Contents

The financial report is presented in 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 pages 3 and 4 in the directors' report which is not part of this financial report.

The financial report was authorised for issue by the directors on 10 September 2015.

SUGAR TERMINALS LIMITED
Statement of comprehensive income
As at 30 June 2015

	Notes	2015 $'000	2014 $'000
Revenue from continuing operations	5	**47,023**	45,391
Depreciation expense	6	**(11,387)**	(11,453)
Professional fees expense		**(339)**	(263)
Insurance expense		**(1,401)**	(1,553)
Net loss on disposal of investment properties	6	**(94)**	(295)
Other expenses		**(713)**	(704)
Profit before income tax		**33,089**	31,123
Income tax expense	7	**(10,159)**	(9,569)
Profit for the period attributable to members of Sugar Terminals Limited	15	**22,930**	21,554
Other comprehensive income		**-**	-
Total comprehensive income attributable to members of Sugar Terminals Limited		**22,930**	21,554

		2015 Cents	2014 Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share	25	**6.37**	5.99

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

SUGAR TERMINALS LIMITED
Balance sheet
As at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**23,915**	18,487
Trade and other receivables	9	**278**	193
Total current assets		**24,193**	18,680
Non-current assets			
Investment properties	10	**323,738**	323,840
Total non-current assets		**323,738**	323,840
Total assets		**347,931**	342,520
LIABILITIES			
Current liabilities			
Trade and other payables	11	**9,933**	6,407
Current tax liabilities	12	**2,425**	2,139
Total current liabilities		**12,358**	8,546
Non-current liabilities			
Deferred tax liabilities	13	**7,552**	6,923
Total non-current liabilities		**7,552**	6,923
Total liabilities		**19,910**	15,469
Net assets		**328,021**	327,051
EQUITY			
Contributed equity	14	**317,628**	317,628
Retained earnings	15	**10,393**	9,423
Total equity		**328,021**	327,051

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 2015

	Notes	Contributed Equity $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2013		**317,628**	**9,469**	**327,097**
Profit for the period			**21,554**	**21,554**
Other comprehensive income			**-**	**-**
Total comprehensive income for the year			**21,554**	**21,554**
Transactions with owners in their capacity as owners				
Dividends provided for or paid	**16**		**(21,600)**	**(21,600)**
Balance at 30 June 2014		**317,628**	**9,423**	**327,051**
Profit for the period			**22,930**	**22,930**
Other comprehensive income			**-**	**-**
Total comprehensive income for the year			**22,930**	**22,930**
Transactions with owners in their capacity as owners				
Dividends provided for or paid	**16**		**(21,960)**	**(21,960)**
Balance at 30 June 2015		**317,628**	**10,393**	**328,021**

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 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**55,317**	45,517
Payments to suppliers and employees (inclusive of goods and services tax)		**(5,956)**	(5,808)
		49,361	39,709
Interest received		**536**	469
Income taxes paid		**(9,244)**	(9,145)
Net cash inflow from operating activities	24	**40,653**	31,033
Cash flows from investing activities			
Payments for investment properties		**(13,265)**	(10,894)
Net cash inflow (outflow) from investing activities		**(13,265)**	(10,894)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(21,960)**	(21,600)
Net cash (outflow) from financing activities		**(21,960)**	(21,600)
Net increase (decrease) in cash and cash equivalents		**5,428**	(1,461)
Cash and cash equivalents at the beginning of the financial year		**18,487**	19,948
Cash and cash equivalents at the end of the year	8	**23,915**	18,487

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

Contents

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*. Sugar Terminals Ltd is a for-profit entity for the purpose of preparing the financial statements.

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)

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

(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 using the effective interest rate method.

(d) **Income tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate 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.

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 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 10).

(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. Options to renew the leases are in the control of the Company.

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	40 – 80 years
- Plant and equipment	7 – 50 years

The assets' 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 statement of comprehensive income.

(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).

The recoverable amounts calculations require the use of assumptions. Refer to note 10(c) for more details on the carrying amounts of non-current assets subject to impairment testing. A reasonably possible change in any of the key assumptions would not cause the carrying amount of the Investment Property cash generating unit to exceed its recoverable amount.

(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**

(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 flows.

(u) **New accounting standards and interpretations**
Certain new accounting standards, amendments and interpretations have been published that are mandatory for the Company for the reporting periods beginning on or after 1 July 2015 but which the Company has not yet adopted. Based on a review, the Company has concluded that the majority of these standards yet to be adopted are not expected to have a significant impact on the Company's financial statements. The Company's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2017).

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The Company has not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future. The Company will assess whether to adopt AASB 15 before its operative date; if not it would be first applied in the annual reporting period ending 30 June 2018.

Note 2 Capital and 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. Cash at bank and term deposits are all held with AAA financial institutions.

(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

	2015	2014
	$'000	$'000
Floating rate		
Expiring within one year (bank overdraft)	**3,000**	3,000

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. There is no external debt or interest bearing obligations.

(d) Capital Risk Management
The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

Operating segments

Sugar Terminals Limited operations are monitored by the Company as one operating segment, and this is how the results are reported internally and how the business is managed. The General Manager and the Board assess the performance of the Company based on earnings before interest and tax.

Note 5 Revenue

	2015	2014
	$'000	$'000
Revenue from continuing operations		
Rental revenue	**45,968**	44,268
Share of Defence Dept licence fee	**378**	375
Storage of other products	**141**	277
	46,487	44,920
Other revenue		
Interest revenue	**536**	469
Other	**-**	2
	536	471
	47,023	45,391

Note 6 Expenses

	2014	2014
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Expenses		
Depreciation		
Investment properties	**11,387**	11,453
Total depreciation	**11,387**	11,453
Net loss on disposal of investment properties	**94**	295
Defined contributions superannuation expense	**99**	86

Note 7 Income tax expense

	2015	2014
	$'000	$'000
(a) Income tax expense		
Current taxation	**9,530**	9,133
Deferred tax	**629**	436
	10,159	9,569

Deferred income tax expenses included in income tax expense comprises:

	2015 $'000	2014 $'000
Increase (decrease) in deferred tax liabilities (note 13)	**629**	436
	629	436

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

	2015 $'000	2014 $'000
Profit from continuing operations before income tax expense	**33,089**	31,123
Income tax calculated at the Australian tax rate of 30% (2014 – 30%)	**9,927**	9,337
Tax effect of permanent differences:		
Non-deductible depreciation	**237**	237
Sundry items	**(5)**	(5)
Income tax expense	**10,159**	9,569

Note 8 Current assets – Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and on hand	**8,915**	2,487
Term Deposits	**15,000**	16,000
	23,915	18,487

(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:

	2015 $'000	2014 $'000
Balances as above	**23,915**	18,487
Balances per cash flow statement	**23,915**	18,487

(b) Cash at bank and on hand

Cash at bank earns a floating interest rate of 1.75%, which is the rate at 30 June 2015 (2014 – 2.25%).

(c) Term Deposit

Term deposits earn a weighted average interest rate of 2.89%, which is the rate at 30 June 2015 (2014 – 3.65%).

(d) Interest rate risk exposure

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

Note 9 Current assets – Trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	**27**	10
Other receivables	**251**	183
	278	193

(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 10 Non-current assets – Investment properties

The investment properties are the company owned assets at the bulk sugar terminals constructed on leased properties at Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg.

	Leasehold Land $'000	Buildings, Plant and Equipment $'000	Under Construction $'000	Total $'000
Year ended 30 June 2015				
Opening net book amount	12,938	307,241	3,661	323,840
Additions	-	3,985	7,394	11,379
Disposals	-	(94)	-	(94)
Transfers	-	8,957	(8,957)	-
Depreciation charge	-	(11,387)	-	(11,387)
Closing net book amount	12,938	308,702	2,098	323,738
At 30 June 2015				
Cost	12,938	463,775	2,098	478,811
Accumulated depreciation	-	(155,073)	-	(155,073)
Net book amount	12,938	308,702	2,098	323,738

	Leasehold Land $'000	Buildings, Plant and Equipment $'000	Under Construction $'000	Total $'000
At 1 July 2013				
Cost	12,938	444,090	3,069	460,097
Accumulated depreciation	-	(134,261)	-	(134,261)
Net book amount	12,938	309,829	3,069	325,836
Year ended 30 June 2014				
Opening net book amount	12,938	309,829	3,069	325,836
Additions	-	3,294	6,458	9,752
Disposals	-	(295)		(295)
Transfers	-	5,866	(5,866)	-
Depreciation charge	-	(11,453)		(11,453)
Closing net book amount	12,938	307,241	3,661	323,840
At 30 June 2014				
Cost	12,938	451,945	3,661	468,544
Accumulated depreciation	-	(144,704)	-	(144,704)
Net book amount	12,938	307,241	3,661	323,840

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

- Mortgages over leases of 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

	2015 **$'000**	2014 $'000
Direct operating expenses, including depreciation, from property that generated rental income	**12,788**	13,006

(b) Leasing arrangements

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

The current Sublease became effective on 1 January 2014. Key terms of this Sublease are as follows –

- the term of the Sublease is 5 years
- a commencing annual rental of $44.86 million to be increased annually during the term by 2.5% and by a percentage of the amount that capital expenditure on the terminals exceeds a predetermined threshold as specified in the Sublease.
- STL has the right to terminate the Sublease if QSL's volume falls below a certain percentage of the total volume, and STL has the right to exclude a particular terminal if QSL's volume is less than the agreed percentage of the volume at that terminal in a season.

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

	2015 **$'000**	2014 $'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements as receivable are as follows:		
Within one year	**46,560**	45,420
Later than 1 year but not later than 5 years	**121,390**	167,950
Later than 5 years	**-**	-

(c) Fair value

The fair value of investment properties at 30 June 2015 was $457.7 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. This is a level 3 fair value measurement in accordance with AASB 13 (97). There has been no independent valuation performed.

Note 11 Current liabilities – Trade and other payables

	2015 **$'000**	2014 $'000
Trade payables	**5,149**	5,951
Deferred revenue	**4,309**	-
Other payables	**475**	456
	9,933	6,407

Note 12 Current liabilities – Current tax liabilities

	2015 **$'000**	2014 $'000
Income tax	**2,425**	2,139
	2,425	2,139

Note 13 Non-current liabilities – Deferred tax liabilities

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Investment properties	**7,552**	6,923
	7,552	6,923
Movements:		
Opening balance at 1 July	**6,923**	6,487
Charged to the income statement (note 7)	**629**	436
Closing balance at 30 June	**7,552**	6,923
Deferred tax liabilities to be settled after more than 12 months	**7,552**	6,923
Deferred tax liabilities to be settled within 12 months	**-**	-
	7,552	6,923

Note 14 Contributed equity

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**360,000,000**	360,000,000	**317,628**	**317,628**

(b) Movements in ordinary share capital	2015 $'000	2014 $'000
Opening balance	**317,628**	317,628
Closing balance	**317,628**	317,628

(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 2015 there were 360 million ordinary shares fully paid, consisting of:

"G" class ordinary shares	229,348,203
"M" class ordinary shares	130,651,797
	360,000,000

During the year ended 30 June 2015, there were no movements in the total number of ordinary shares on issue.

Note 15 Retained earnings

	2015	2014
	$'000	$'000
Movements in retained earnings were as follows:		
Retained earnings		
Balance at 1 July	**9,423**	9,469
Total comprehensive income	**22,930**	21,554
Dividends provided for or paid	**(21,960)**	(21,600)
Balance at 30 June	**10,393**	9,423

Note 16 Dividends

	2015	2014
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2014 of 3 cents (2013 – 3 cents) per share paid on 30 September 2014.		
Fully franked based on tax paid @ 30%	**10,800**	10,800
Interim dividend for the year ended 30 June 2015 of 3.1 cents (2014 – 3 cents) per share paid on 31 March 2015.		
Fully franked based on tax paid @ 30%	**11,160**	10,800
	21,960	21,600

(b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have determined that a final dividend of 3.1 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 $11.16 million but is not recognised as a liability at year end.

(c) Franked dividends

The franked portions of the final dividend recommended after 30 June 2015 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 2016.

	2015	2014
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 – 30%)	**3,808**	3,690

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 determined by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $4,783,000 (2014: $4,629,000).

Note 17 Key management personnel disclosures

(a) Key management personnel compensation

	2015	2014
	$	$
Short-term employee and director benefits	**407,734**	405,585
Post-employment benefits	**98,616**	85,731
	506,350	491,316

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

(b) 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 2014	**Purchases**	**Other changes during the year**	**Held at 30 June 2015**
AS Capello	117,956	-	-	117,956
DA Watson	248,196	-	-	248,196

(c) Other transactions with key management personnel

Mr AS Cappello is a director 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 2016. 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:

	2015	2014
	$'000	$'000
Amounts recognised as expense		
Services provided by Australian Sugar Milling Council Pty Limited.	**101**	98

Note 18 Remuneration of auditors

	2015	2014
	$	$
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 *Corporations Act 2001*.	**92,903**	90,198
Total remuneration for assurance services	**92,903**	90,198

Note 19 Contingent liabilities

The company does not have any contingent liabilities.

Note 20 Commitments

Under the terms of the Sublease, Queensland Sugar Ltd (QSL) incurs expenditure on Capital Works in accordance with the approved Capital Expenditure Budget and that expenditure is reimbursed by STL.

Capital expenditure contracted for by QSL but not paid or recognised as a liability by STL amounted to $15,386,414 (2013 $5,541,128)

Note 21 Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in Note 17.

Note 22 Economic dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2015 99% (2014 – 99%) of the Company's revenue was sourced from QSL under the Company's Sublease agreement with that company.

The impact on the Queensland sugar industry and the STL of the decision of Wilmar Sugar Australia Ltd, MSF Sugar Limited and Tully Sugar Limited to market their export sugar independently of QSL is still to be determined.
In response, there has been a very public and wide ranging debate in the industry by grower organisations and the sugar milling sector with a range of views as to the future marketing arrangements that might prevail in the Queensland industry. In addition, there has been significant political activity during the year.

As at the date of this report, the outcome of these political initiatives remains unclear. However, STL is in the secure position of controlling the 6 Queensland bulk sugar terminals with very long leases from the respective port authorities. While these terminals are subleased to QSL for 5 years from 1 January 2014, the Sublease is dependent on QSL controlling certain percentages of the sugar that is stored and handled at each terminal. Should QSL's percentages drop below the nominated levels, STL may terminate the Sublease or exclude the affected terminal(s) and enter into alternative arrangements. The Board of STL is monitoring the situation closely, seeking the views of shareholders and other key industry stakeholders and will ensure the company is well prepared for any changes to the marketing of Queensland sugar, which may occur from July 2017.

Note 23 Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

Note 24 Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 **$'000**	2014 $'000
Profit for the year	**22,930**	21,554
Depreciation	**11,387**	11,453
Net loss (gain) on disposal of non-current assets	**94**	295
Decrease (increase) in trade and other receivables	**(116)**	29
Increase (decrease) in trade and other payables	**5,443**	(2,722)
Increase (decrease) in current tax liabilities	**286**	(12)
Increase (decrease) in deferred tax liabilities	**629**	436
Net cash inflow from operating activities	**40,653**	31,033

Note 25 Earnings per share

	2015 **Cents**	2014 Cents
(a) Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	**6.37**	5.99

	2015 **$'000**	2014 $'000
(b) Reconciliation of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
From continuing operations	**22,930**	21,554

	2015 **Number**	2014 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 14).	**360,000,000**	360,000,000

SUGAR TERMINALS LIMITED
Directors' declaration
30 June 2015

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 2015 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	AS Cappello
Director	Director
Brisbane	Brisbane
10 September 2015	10 September 2015

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 2015, 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, 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. Those 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.

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

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 2015 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*.

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

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 2015. 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 2015 complies with section 300A of the Corporations Act 2001.

PricewaterhouseCoopers

PricewaterhouseCoopers

Kim Challenor
Partner

Brisbane
10 September 2015