



3 March 2016

INTERIM REPORT TO SHAREHOLDERS OF SUGAR TERMINALS LIMITED

On behalf of the Board of Directors of Sugar Terminals Limited (STL), I am pleased to report to shareholders on the results of the Company during the six months to 31 December 2015.

Total comprehensive income for the half-year to 31 December 2015 was \$11.8 million (after tax), an increase of \$0.2 million or 1.5% over the same period to 31 December 2014.

Terminals

The roof replacement program continues to progress well with five of the twelve replacement roofs now completed. In 2015, the roof was replaced on shed 2 at Cairns with work on the Mourilyan shed roof replacement to commence in April 2016 under the same contract. Final costs of the Cairns number 2 shed are within budget.

Planning has commenced for the roof replacement of the Cairns number 1 shed to be undertaken in 2017. The expenditure will be funded from cash flows and we expect to be able to maintain or increase the level of dividends as per previous announcements.

Our ongoing terminal upgrade capital expenditure program (funded by STL) and maintenance program (funded by QSL) continue to be focused on ensuring that all 6 terminals will provide the industry with many more years of useful life.

Sugar Marketing

Discussions are continuing with QSL and other industry stakeholders in relation to the sugar industry restructure given the decision of Wilmar Sugar Australia Limited, MSF Sugar Limited and Tully Sugar Limited to market their export sugar independently of QSL from July 2017 and the recently legislated Sugar Industry (Real Choice in Marketing) Amendment Act 2015.

In light of these industry changes and the resulting multi-marketer environment, the board and management are working through various proposals in respect of the ongoing structure and operation of its 6 Queensland bulk sugar terminals, but confirm nothing has yet been agreed with QSL and discussions are ongoing.

The board will provide a further update and any agreed position in due course.

Dividends

In accordance with Board policy, dividends are declared bi-annually in March and September. The final dividend for the year ended 30 June 2015 of \$11.16 million (3.1 cents per share) fully franked based on tax paid of 30% was paid on 30 September 2015. On 18 February 2016 Directors determined that an interim dividend of \$11.16 million (3.1 cents per share) fully franked based on tax paid of 30% will be paid on 31 March 2016.

A handwritten signature in black ink, appearing to read 'Stuart C Gregory', is written over a horizontal line.

Stuart C Gregory
Chairman