

SUGAR TERMINALS LIMITED

ABN 17 084 059 601



**ANNUAL
REPORT
2009 – 2010**

What's inside...

Year at a glance	Inside Cover
Chairman's Overview	1
General Manager's Report	2
Organisation – Corporate Governance	3
Directors' Report	4
Financial Report	14
Information for Shareholders	38

Year at a glance

	2010	2009
Revenue (\$'000)	69,420	49,174
Net Profit (\$'000) (after tax)	41,489	24,767
Earnings per share (after tax)	11.52 cents	6.88 cents
Distribution to shareholders (\$'000)	42,840	27,360
Return of Capital (\$'000)	12,600	-
Total assets (\$'000)	340,983	354,287
Net assets (\$'000)	327,972	341,923
Net tangible asset backing per share	\$0.91	\$0.95

Company profile

Sugar Terminals Limited (STL) is a public company owned by shareholders in the raw sugar industry. It owns the bulk sugar terminal buildings, specified plant and equipment at each terminal and leases the bulk sugar terminal land at Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg. Queensland Sugar Limited (QSL) is charged commercial rent for the use of these facilities.

The Board has a policy to pay to shareholders twice annually, from the net profit for the period, as high a dividend as possible, having regard to the Company's cash position.

Chairman's overview

It is with pleasure that I bring you my report on the Company's activities for the year ended 30 June 2010.

The financial result for the year was a net profit after tax of \$41.5 million compared with a net profit after tax for the previous year of \$24.8 million, an increase of \$16.7 million. It includes net profit after tax of \$20.9 million arising from the sale of the Brisbane Terminal. The decline in profit from operations of \$4.2 million is principally due to reduced rental received under the new Sublease agreement with Queensland Sugar Ltd. A forfeited deposit on a sale contract for the Brisbane terminal was also included in 2009.

The Company's policy is to pay from the net profit for the period, as high a dividend as possible, having regard to the Company's cash position. Dividends are paid bi-annually in March and September.

In accordance with this policy, the directors paid an interim dividend of 2.9 cents per share on 31 March 2010 and have resolved to pay a final dividend of 2.8 cents per share, making a total distribution of 5.7 cents per share, or \$20.52 million. The final dividend will be paid on 30 September 2010 to shareholders recorded on the share register on 15 September 2010. The dividend paid on 31 March 2010 was 70% franked and the dividend payable on 30 September 2010 will be fully franked, amounting to 2.1 cents per share.

In addition to these dividends a special dividend of 5.8 cents per share, \$20.88 million was paid on 16 October 2009 to distribute the profit on the sale of a Brisbane terminal to shareholders. This dividend was 50% franked.

A capital return of 3.5 cents per share, \$12.6 million was also paid to shareholders on 23 November 2009. This was made up of surplus cash arising from the sale of the Brisbane terminal and other surpluses generated during the preceding years.

In the last six years Chairman's Overview, I have advised that the new storage facility at the Port of Townsville was incomplete and there were a number of defects to be rectified. Considerable progress has been made again this year in relation to the air support conveyors. The engineering for stage 2 is almost completed and tenders will be called during September. The project is expected to be completed in June 2011.

On 23 July 2009 a contract was signed to sell the Brisbane terminal for \$36 million. At the time this contract become unconditional on 21 August, it was agreed to reduce the price to \$34.2 million. The contract settled on 22 September 2009. The price is considered to be an excellent outcome for the company under the economic conditions at that time. As set out above, all cash generated from this sale was distributed to shareholders.

Negotiations with the Department of Defence to enter into a long term licence agreement for the Royal Australian Navy to use the Cairns wharf when it is not being used for sugar or related products, have been going on for over 4 years. I was pleased to announce last year that an agreement was signed on 1 September 2009. This agreement is working well and will provide a valuable source of income for many years.



Michael Brown
Chairman

General manager's report

The commercial operations of the company which commenced in August 2000 were unchanged in the year under review.

Lease Arrangements with Port Authorities

With the adoption of the recommendations of the Bulk Sugar Terminal Taskforce in March 1998, STL began negotiating with the port authorities for new long-term leases to replace the partially expired 99-year leases. The negotiation parameters were established by the "Key Conditions of Lease" and "Principles of Transfer" approved by Government.

100 year-leases, with options to renew for a further 100 years, were signed with the relevant port corporations at Brisbane, Bundaberg, Mackay, Townsville, Lucinda, Mourilyan and Cairns. In 2008, the Company exercised an option to convert the Brisbane terminal property to freehold and that property was sold during this year.

Sub-lease with Queensland Sugar Limited (QSL)

In August 2000, STL granted QSL a formal Sublease over the terminals at the seven ports. The rental arrangements then negotiated reflected the serious economic conditions facing the industry stakeholders at the time, as well as the interests of shareholders.

The Sublease terms in relation to rental and the treatment of maintenance were reviewed on 1 July 2005. With the introduction of voluntary marketing by the abolition of vesting of sugar to QSL, the Sublease terminated on 30 June 2007, and prior to that date, the parties agreed to extend the Sublease until 30 June 2008. In June 2008, it was agreed with QSL that QSL will occupy the terminals on the basis of a monthly tenancy on the same terms and conditions as the Sub-lease which terminated on 30 June 2008. The month to month tenancy continued until 31 December 2008. A new five year Sublease, effective from 1 January 2009, was signed on 2 April 2009.

Regular meetings are held between senior staff of STL and QSL to discuss major issues including maintenance, insurances, capital improvements and other uses of the terminals. The General Manager inspects the receival, storage and loading facilities at each terminal on a regular basis. The working relationship between STL and QSL continues to be constructive.

Operating Revenue

Operating revenue for the year was \$43.0 million, compared to \$47.4 million in 2009. The principal reason for the reduction was that rental under the new Sublease effective from 1 January 2009 has been reduced to \$42 million per annum. In addition to operating revenue, the company made a net profit of \$26.4 million on the sale of the Brisbane terminal.

Operating Results

The net profit after income tax for the year was \$41.5 million (\$24.5 million in 2009) representing 11.52 cents per share (6.88 cents in 2009). This includes \$20.9 million (5.8 cents per share) arising from sale of the Brisbane terminal.

Capital Expenditure

Based on recommendations from QSL, STL undertook capital expenditure at the sugar terminals during the year of \$4.4 million.

Capital enhancements at the terminals in 2011 to be funded by STL are budgeted to cost \$11.7 million, including \$6.5 million for the air support conveyor replacement project.

Financial Position

The company is in a sound financial position and was free of debt at 30 June 2010. The company has a \$3 million overdraft facility which is used to fund short term deficiencies.



Richard Farquhar
General Manager

Organisation - corporate governance

Governance

The Board of Directors is responsible for the overall direction of STL's 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.

Communication with Shareholders

Apart from the Annual Report and Half-year Report, STL kept shareholders informed with an Interim Report, as well as other announcements issued from time to time when significant or reportable events arose.

The Half-year Report, Annual Report and other announcements are posted on the STL web site.

The Annual General Meeting provides a forum for questions as well as an opportunity for contact with Directors and management.

The Board

The Board of Directors at the date of this report:

- Michael D Brown (Chairman)
- Mark R Day
- Constantine Christofides (appointed 30 Oct 2009)
- Stuart C Gregory (appointed 13 Aug 2010)
- Stephen Guazzo
- James F Hesp



Board Committees

Major policy decisions are matters for the Board as a whole. The Audit and Risk Committee is the Board's only standing committee. It comprises a Grower Director (Mr Guazzo) and a Miller Director (Mr 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 |
| ■ compliance with legislation | ■ financial investment planning and reporting |
| ■ maintenance of records and minutes | ■ identification of risk |
| ■ insurance of STL assets | ■ maintenance of STL assets. |

Board Leadership and Support

The Chairman carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders. He maintains a close relationship with the General Manager and acts as a mentor as required. He chairs Board meetings, as well as general meetings of shareholders, and concerns himself with the good order and effectiveness of the Board.

The Company Secretary supports the Board in carrying out its role, attending meetings and recording minutes of the proceedings. The Secretary is appointed by the Board.

Board Meetings

The Board held 10 meetings during the year to 30 June 2010. It plans to hold 5 regular meetings in the current year. The agenda for the meetings is prepared in conjunction with the Chairman by the General Manager. Submissions and papers on Board items are circulated in advance. The Board conducts periodic reviews of strategic issues, considers regular business and quarterly financial reports, and approves major transactions. Directors have access to independent professional advice.

Director's report 30 June 2010

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 Michael D Brown
 Mr Mark R Day
 Mr Stephen Guazzo
 Mr James F Hesp

Mr John Grasso was a director from the beginning of the financial year until his resignation on 30 October 2009.

Mr Constantine Christofides was appointed as a director on 30 October 2009.

Mr Stuart C Gregory was appointed as a director on 13 August 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

	2010	2009	2008	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations	43,040	47,390	50,283	49,965	47,875
Profit attributable to members of STL	41,489	24,767	25,111	24,658	22,270
Balance sheet					
Current assets	11,697	18,137	12,906	13,531	20,983
Non-current assets	329,286	336,150	343,977	360,042	371,321
Current liabilities	(6,631)	(6,103)	(6,244)	(19,466)	(19,542)
Non-current liabilities	(6,380)	(6,261)	(6,123)	(5,902)	(16,815)
Net assets	327,792	341,923	344,516	348,205	355,947

Dividends – Sugar Terminals Limited

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

	2010	2009
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2009 of 3.2 cents per share, (2008 – 3.9 cents per share), fully franked based on tax paid of 30%, paid on 30 September 2009.	11,520	14,040
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 2010 of 2.9 cents per share (2009 – 3.7 cents per share), 70% franked based on tax paid of 30%, paid on 31 March 2010.	10,440	13,320
	42,840	27,360

Since the end of the financial year the directors have determined that a final ordinary dividend of \$10.08 million (2.8 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 30 September 2010 out of retained profits at 30 June 2010 to shareholders whose names are recorded on the Register on 15 September 2010.

Director's report 30 June 2010 (Continued)

Review of operations

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

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 2010 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

Michael D Brown

Qualifications and Experience

Fellow of the Institute of Chartered Accountants.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Chairman of the Board

Interest in shares and options

None

Constantine Christofides

Qualifications and Experience

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

2,219,463 "G" class shares in Sugar Terminals Limited

Director's report 30 June 2010 (Continued)

Information on directors - continued

Mark R Day

Qualifications and Experience

Bachelor of Applied Science (Mathematics). Executive General Manager Sugar Mills, Sucrogen Limited. Director: Australian Sugar Milling Council Pty Ltd, 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

Qualifications and Experience

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. Member Financial Executives Institute.

Other current directorships of listed entities

Landmark White Ltd

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Interest in shares and options

None

Director's report 30 June 2010 (Continued)

Information on directors - continued

Stephen Guazzo

Qualifications and Experience

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

James F Hesp

Qualifications and Experience

Fellow of the Institute of Company Directors. Former Chairman of Directors Mulgrave Central Mill. Director: Australian Sugar Milling Council. Sugar cane grower and harvesting contractor Mulgrave and Invicta mill areas.

Other current directorships of listed entities

Maryborough Sugar Factory Ltd

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Interest in shares and options

262,655 "G" class shares in Sugar Terminals Limited

None of the directors has a service contract with the Company.

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.

Director's report 30 June 2010 (Continued)

Meetings 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 2010, 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	10	10	*	*
Constantine Christofides	4	4	*	*
Mark R Day	10	8	3	3
John J Grasso	6	5	*	*
Stephen Guazzo	10	10	3	3
James F Hesp	10	10	*	*

* MD Brown, C Christofides, JJ Grasso 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 2009.

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.

Director's report 30 June 2010 (Continued)

The following fees have applied:

	From 1 July 2009	From 1 July 2008 to 30 June 2009
Chairman	71,600	70,500
Other non-executive directors	26,000	25,600

Retirement Allowances for Directors

Non-executive directors are not entitled to retirement allowances.

Executive pay

The executive 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 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.

The key management personnel of Sugar Terminals Limited includes the directors as per page 4 above and the following executive officer, who is the only executive of the Company.

Richard B Farquhar – General Manager and Company Secretary.

Director's report 30 June 2010 (Continued)

Key management personnel of Sugar Terminals Limited

2010	Short-term employee benefits		Post-employment benefits	Shared-based payment	Total \$
	Cash salary and fees \$	Cash bonus \$	Superannuation \$	Options \$	
<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>Other key management personnel</i>					
RB Farquhar	178,005	-	49,995	-	228,000
Total	264,549	-	152,515	-	417,064

2009	Short-term employee benefits		Post-employment benefits	Shared-based payment	Total \$
	Cash salary and fees \$	Cash bonus \$	Superannuation \$	Options \$	
<i>Non-executive directors</i>					
MD Brown (Chairman)	-	-	76,845	-	76,845
MR Day	25,600	-	-	-	25,600
JJ Grasso	25,600	-	2,304	-	27,904
S Guazzo	-	-	27,904	-	27,904
JF Hesp	-	-	27,904	-	27,904
Sub total non-executive directors	51,200	-	134,957	-	186,157
<i>Other key management personnel</i>					
RB Farquhar	114,000	-	100,000	-	214,000
Total	165,200	-	234,957	-	400,157

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.

Director's report 30 June 2010 (Continued)

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*.

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:

2010	2009
\$	\$

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:

Advise regarding income tax implications of the Sublease to QSL	-	23,405
Advice regarding dividends and capital returns	12,760	-

Total remuneration for taxation services

12,760	23,405
---------------	---------------

Other services

Non-PricewaterhouseCoopers firm (MHM Accountants)

23,500	8,700
---------------	-------

Total remuneration for other services

23,500	8,700
---------------	--------------

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 13.

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 |

Director's report 30 June 2009 (Continued)

Top 10 shareholders

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

'G' class shareholders

<i>Shareholder</i>	<i>Number of Shares</i>
Queensland Sugar Limited	12,572,701
Anthoan Pty Ltd	11,515,155
MSF Investments Pty Ltd	11,494,226
The Maryborough Sugar Factory Limited	11,446,455
QSL Investments (No 1) Pty Ltd	10,024,869
Mr Constantine Christofides & Mr Constantine Christofides <The Christofides Bros A/C>	2,219,463
Ynot Naols Pty Ltd	1,314,861
Sucrogen Investments Pty Ltd	1,111,343
Jaswel Pty Ltd <The Jaswel Family A/C>	1,022,152
Tully Sugar Limited	536,065

'M' class shareholders

<i>Shareholder</i>	<i>Number of Shares</i>
Sucrogen Investments Pty Ltd	59,824,003
Mackay Sugar Co-operative Association 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

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.



MD Brown
Brisbane
8 September 2010



S Guazzo
Brisbane
8 September 2010

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2010, 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.



Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
8 September 2010

Liability limited by a scheme approved under Professional Standards Legislation

Annual financial report 30 June 2010

Contents	Page
Annual Financial report – 30 JUNE 2010	14
Statement of comprehensive income	15
Balance Sheet	16
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	19
Directors' declaration	35
Independent auditor's report to the members of Sugar Terminals Limited	36

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 2010. The Company has the power to amend and reissue the financial report.

Statement of comprehensive income

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Revenue from continuing operations	5	43,040	47,390
Other income	6	26,380	1,784
Depreciation expense	7	(10,847)	(10,935)
Professional fees expense		(396)	(913)
Insurance expense		(1,259)	(1,234)
Finance costs	7	(-)	(14)
Other expenses		(829)	(705)
Profit before income tax		56,089	35,373
Income tax expense	8	(14,600)	(10,606)
Total Comprehensive Income for the year	17	41,489	24,767

		2010 Cents	2009 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	27	11.52	6.88

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

Balance sheet As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	11,689	10,453
Trade and other receivables	10	8	8
		11,697	10,461
Non-current assets classified as held for sale	11	-	7,676
Total current assets		11,697	18,137
Non-current assets			
Investment properties	12	329,286	336,150
Total non-current assets		329,286	336,150
Total assets		340,983	354,287
LIABILITIES			
Current liabilities			
Trade and other payables	13	3,418	3,479
Current tax liabilities	14	3,213	2,624
Total current liabilities		6,631	6,103
Non-current liabilities			
Deferred tax liabilities	15	6,380	6,261
Total non-current liabilities		6,380	6,261
Total liabilities		13,011	12,364
Net assets		327,972	341,923
EQUITY			
Contributed equity	16	317,628	330,228
Retained profits	17	10,344	11,695
Total equity		327,972	341,923

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

Statement of changes in equity For the year ended 30 June 2010

	Notes	Contributed Equity \$'000	Retained Earning \$'000	Total \$'000
Balance at 1 July 2008		330,228	14,288	344,516
Total comprehensive income for the year			<u>24,767</u>	<u>24,767</u>
Transactions with owners in their capacity as owners				
Dividends provided for or paid	18		(27,360)	(27,360)
			<u>(27,360)</u>	<u>(27,360)</u>
Balance at 30 June 2009		330,228	11,695	341,923
Total comprehensive income for the year			<u>41,489</u>	<u>41,489</u>
Transactions with owners in their capacity as owners				
Dividends provided for or paid	18		(42,840)	(42,840)
Return of capital	16	(12,600)		(12,600)
		<u>(12,600)</u>	<u>(42,840)</u>	<u>(55,440)</u>
Balance at 30 June 2010		317,628	10,344	327,972

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

Statement of cash flows For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		46,699	52,300
Payments to suppliers and employees (inclusive of goods and services tax)		(9,505)	(7,507)
		<u>37,194</u>	<u>44,793</u>
Forfeited deposit on sale contract for Brisbane terminal		-	2,000
Interest received		586	302
Finance costs paid		-	(14)
Income taxes paid		(13,892)	(10,787)
Net cash inflow from operating activities	26	<u>23,888</u>	<u>36,294</u>
Cash flows from investing activities			
Payments for investment properties		(4,674)	(3,190)
Proceeds from sale of investment property		37,462	-
Net cash inflow (outflow) from investing activities		<u>32,788</u>	<u>(3,190)</u>
Cash flows from financing activities			
Return of capital		12,600	-
Dividends paid to Company's shareholders		(42,840)	(27,360)
Net cash (outflow) from financing activities		<u>(55,440)</u>	<u>(27,360)</u>
Net increase in cash and cash equivalents		1,236	5,744
Cash and cash equivalents at the beginning of the financial year		<u>10,453</u>	<u>4,709</u>
Cash and cash equivalents at the end of the financial year	9	<u>11,689</u>	<u>10,453</u>

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

Notes to the financial statements 30 June 2010

Note	Contents	Page
Note 1	Summary of Significant Accounting Policies	20
Note 2	Financial risk management	24
Note 3	Critical accounting estimates and judgements	24
Note 4	Segment information	24
Note 5	Revenue	25
Note 6	Other Income	25
Note 7	Expenses	25
Note 8	Income tax expense	25
Note 9	Current assets – Cash and cash equivalents	26
Note 10	Current assets – Trade and other receivables	26
Note 11	Current assets – Non-current assets classified as held for sale	27
Note 12	Non-current assets – Investment properties	27
Note 13	Current liabilities – Trade and other payables	29
Note 14	Current liabilities – Current tax liabilities	29
Note 15	Non-current liabilities – Deferred tax liabilities	29
Note 16	Contributed equity	29
Note 17	Retained profits	30
Note 18	Dividends	30
Note 19	Key management personnel disclosures	31
Note 20	Remuneration of auditors	32
Note 21	Contingent liabilities	32
Note 22	Commitments	32
Note 23	Related party transactions	32
Note 24	Economic dependency	32
Note 25	Events occurring after the balance sheet date	32
Note 26	Reconciliation of profit after income tax to net cash inflow from operating activities	33
Note 27	Earnings per share	33

Notes to the financial statements *Continued*

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.

Notes to the financial statements *Continued*

Note 1 - Summary of Significant Accounting Policies *(continued)*

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 12).

(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.

Notes to the financial statements *Continued*

Note 1 - Summary of Significant Accounting Policies (continued)

(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

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.

Notes to the financial statements *Continued*

Note 1 - Summary of Significant Accounting Policies *(continued)*

(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 flow.

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 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 2009-8 Amendments to Australian Accounting Standards - Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective 1 January 2010)
- 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)

Notes to the financial statements *Continued*

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

	2010 \$'000	2009 \$'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.

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.

Notes to the financial statements *Continued*

Note 5 - Revenue

	2010 \$'000	2009 \$'000
<i>Revenue from continuing operations</i>		
Rental revenue	42,000	47,088
Share of Defence licence fee	281	-
Storage of other products	150	-
	<u>42,431</u>	<u>47,088</u>
<i>Other revenue</i>		
Interest revenue	586	302
Other	23	-
	<u>609</u>	<u>302</u>
	<u>43,040</u>	<u>47,390</u>

Note 6 - Other Income

	2010 \$'000	2009 \$'000
Forfeited deposit on sale contract for Brisbane terminal	-	1,784
Profit on sale of Brisbane terminal	26,380	-
	<u>26,380</u>	<u>1,784</u>

Note 7 - Expenses

	2010 \$'000	2009 \$'000
Profit before income tax includes the following specific expenses:		
<i>Expenses</i>		
Depreciation		
Investment properties	10,847	10,935
Total depreciation	<u>10,847</u>	<u>10,935</u>
Finance costs		
Interest and finance charges paid/payable	-	14
Finance costs expensed	<u>-</u>	<u>14</u>
Net loss on disposal of investment properties	157	47
Defined contributions superannuation expense	152	242

Note 8 - Income Tax Expense

	2010 \$'000	2009 \$'000
(a) <i>Income tax expense</i>		
Current taxation	14,353	10,468
Deferred tax	119	138
Adjustment for current tax prior period	128	-
	<u>14,600</u>	<u>10,606</u>

Deferred income tax expenses included in income tax expense comprises:

	2010 \$'000	2009 \$'000
Increase in deferred tax liabilities (note 15)	<u>119</u>	<u>138</u>
	<u>119</u>	<u>138</u>

Notes to the financial statements *Continued*

Note 8 - Income Tax Expense (continued)

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

Profit from continuing operations before income tax expense	56,089	35,373
Income tax calculated at the Australian tax rate of 30% (2009 – 30%)	16,826	10,612
Tax effect of permanent differences:		
Non-deductible depreciation	238	152
Investment allowance	(50)	(153)
Adjustment to deferred tax liability re sale of Brisbane	(2,503)	-
Capital losses from prior year	(34)	-
Sundry items	(5)	(5)
	14,472	10,606
Adjustment for current tax of prior periods	128	-
Income tax expense	14,600	10,606

Note 9 - Current assets - Cash and cash equivalents

	2010	2009
	\$'000	\$'000
Cash at bank and on hand	2,689	10,453
Term Deposit	9,000	-
	11,689	10,453

(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	11,689	10,453
Balances per cash flow statement	11,689	10,453

(b) Cash at bank and on hand

Cash at bank bears a floating interest rate of 4.25% (2009 – 2.75%).

(c) Term Deposit

The term deposit bears an interest rate of 5.3%

(d) Interest rate risk exposure

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

Note 10 - Current assets - Trade and other receivables

	2010	2009
	\$'000	\$'000
Trade receivables	8	8
	8	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.

Notes to the financial statements *Continued*

Note 11 - Current assets - Non-current assets classified as held for sale

	2010	2009
	\$'000	\$'000
Brisbane Terminal	-	7,676

In April 2008, directors appointed an agent to sell the Brisbane terminal. Two contracts for the sale of the property were not completed. On 23 July 2009, a contract was signed for the sale of the property for \$36 million, which was later amended to \$34.2 million. The contract settled on 22 September 2009.

Note 12 - Non-current assets - Investment properties

	Leasehold Land	Buildings, Plant and Equipment	Under Construction	Total
	\$'000	\$'000	\$'000	\$'000
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	<u>12,938</u>	<u>315,568</u>	<u>780</u>	<u>329,286</u>
At 30 June 2010				
Cost	12,938	416,908	780	433,507
Accumulated depreciation	-	(104,221)	-	(104,221)
Net book amount	<u>12,938</u>	<u>315,568</u>	<u>780</u>	<u>329,286</u>
At 1 July 2008				
Cost	12,938	413,922	-	432,604
Accumulated depreciation	-	(82,883)	-	(82,883)
Net book amount	<u>12,938</u>	<u>331,039</u>	<u>-</u>	<u>343,977</u>
Year ended 30 June 2009				
Opening net book amount	12,938	331,039	-	343,977
Additions	-	3,155	-	3,155
Disposals	-	(47)	-	(47)
Depreciation charge	-	(10,935)	-	(10,935)
Closing net book amount	<u>12,938</u>	<u>323,212</u>	<u>-</u>	<u>336,150</u>
At 30 June 2009				
Cost	12,938	416,908	-	429,846
Accumulated depreciation	-	(93,696)	-	(93,696)
Net book amount	<u>12,938</u>	<u>323,212</u>	<u>-</u>	<u>336,150</u>

Notes to the financial statements *Continued*

Note 12 - Non-current assets - Investment properties (continued)

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

	2010 \$'000	2009 \$'000
Direct operating expenses, including depreciation, from property that generated rental income	12,106	12,157
Direct operating expenses from property that did not generate rental income	-	76

(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

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

	2010 \$'000	2009 \$'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	105,000	147,000
Later than 5 years	-	-

(c) Fair value

The fair value of investment properties at 30 June 2010 was \$337 million. This value has been determined for buildings, plant and equipment by using a depreciated optimised replacement cost (DORC) methodology by an engineering firm which has the experience and expertise to conduct a valuation using this methodology. Land has been valued at market value by a Certified Practising Valuer.

Notes to the financial statements *Continued*

Note 13 - Current liabilities - Trade and other payables

	2010	2009
	\$'000	\$'000
Trade payables	1,396	2,366
Other payables	2,022	1,113
	<u>3,418</u>	<u>3,479</u>

Note 14 - Current liabilities - Current tax liabilities

	2010	2009
	\$'000	\$'000
Income tax	3,213	2,624
	<u>3,213</u>	<u>2,624</u>

Note 15 - Non-current liabilities - Deferred tax liabilities

	2010	2009
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Investment properties	6,380	6,261
	<u>6,380</u>	<u>6,261</u>
Movements:		
Opening balance at 1 July	6,261	6,123
Charged to the income statement	119	138
Closing balance at 30 June	<u>6,380</u>	<u>6,261</u>
Deferred tax liabilities to be settled after more than 12 months	6,380	6,261
Deferred tax liabilities to be settled within 12 months	-	-
	<u>6,380</u>	<u>6,261</u>

Note 16 - Contributed equity

	2010	2009	2010	2009
	Shares	Shares	\$'000	\$'000
(a) Share capital				
Ordinary shares				
Fully paid	360,000,000	360,000,000	317,628	330,228

(b) Movements in ordinary share capital

	2010	2009
	\$'000	\$'000
Opening balance	330,228	330,228
Return of capital	(12,600)	-
Closing balance	<u>317,628</u>	<u>330,228</u>

Notes to the financial statements *Continued*

Note 16 - Contributed equity (continued)

(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 2010 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>
	360,000,000

During the year ended 30 June 2009, 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

Note 17 - Retained Profits

Movements in retained profits were as follows:

	2010 \$'000	2009 \$'000
Retained profits		
Balance at 1 July 2009	11,695	14,288
Total comprehensive income	41,489	24,767
Dividends provided for or paid	<u>(42,840)</u>	<u>(27,360)</u>
Balance at 30 June 2010	<u>10,344</u>	<u>11,695</u>

Note 18 - Dividends

	2010 \$'000	2009 \$'000
Ordinary Shares		
Final dividend for the year ended 30 June 2009 of 3.2 cents (2008 – 3.9 cents) per share paid on 30 September 2009. Fully franked based on tax paid @ 30%	11,520	14,040
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 2010 of 2.9 cents (2009 – 3.7 cents) per share paid on 31 March 2010 70% franked based on tax paid @ 30%	<u>10,440</u>	<u>13,320</u>
	<u>42,840</u>	<u>27,360</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 2.8 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 \$10.08 million out of retained profits at 30 June 2010, but is not recognised as a liability at year end.

Franked dividends

The franked portions of the final dividend recommended after 30 June 2010 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 2011.

	2010 \$'000	2009 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2009 – 30%)	<u>3,300</u>	<u>1,363</u>

Notes to the financial statements *Continued*

Note 18 - Dividends (continued)

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 \$4,320,000 (2009: \$4,937,143).

Note 19 - Key management personnel disclosures

(a) Key management personnel compensation

	2010 \$'000	2009 \$'000
Short-term employee benefits	264,549	165,200
Post-employment benefits	152,515	234,957
	<u>417,064</u>	<u>400,157</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 10.

(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 2009	Purchases	Other changes during the year	Held at 30 June 2010
C Christofides	2,219,463	-	-	2,219,463
S Guazzo	256,020	-	-	256,020
J F Hesp	262,655	-	-	262,655

(c) Other transactions with key management personnel

Mr JF Hesp and Mr MR Day 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:

	2010 \$'000	2009 \$'000
Amounts recognised as expense		
Services provided by Australia Sugar Milling Council Pty Limited.	<u>90</u>	<u>87</u>

Notes to the financial statements *Continued*

Note 20 - Remuneration of auditors

	2010 \$'000	2009 \$'000
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> .	75,684	72,080
Total remuneration for assurance services	<u>75,684</u>	<u>72,080</u>
(b) Taxation services		
PricewaterhouseCoopers – Australian firm		
Advise regarding dividends and capital return	12,760	-
Advise regarding income tax implications of the Sublease to QSL	-	23,405
	<u>12,760</u>	<u>23,405</u>

Note 21 - Contingent liabilities

The company does not have any contingent liabilities.

Note 22 - Commitments

The company does not have any capital commitments at the reporting date.

Note 23 - Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

Note 24 - Economic dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2010 60% (2009 – 96%) of the Company's revenue was sourced from QSL under the Company's sub-lease agreement with that company.

Note 25 - Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

Notes to the financial statements *Continued*

Note 26 - Reconciliation of profit after income tax to net cash inflow from operating activities

	2010	2009
	\$'000	\$'000
Profit for the year	41,489	24,767
Depreciation	10,847	10,935
Net loss (gain) on disposal of non-current assets	(26,223)	47
Decrease (increase) in trade and other receivables	-	417
Decrease (increase) in prepayments	-	96
Increase (decrease) in trade and other payables	(2,933)	213
Increase (decrease) in current tax liabilities	589	(319)
Increase (decrease) in deferred tax liabilities	119	138
Net cash inflow from operating activities	<u>23,888</u>	<u>36,294</u>

Note 27 - Earnings per share

	2010	2009
	Cents	Cents
(a) Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	11.52	6.88

	2010	2009
	\$'000	\$'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	41,489	24,767

	2010	2009
	Number	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 16).	360,000,000	360,000,000



Director's declaration 30 June 2010

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 33 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 2010 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.



MD Brown
Director
Brisbane
8 September 2010



S Guazzo
Director
Brisbane
8 September 2010

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 2010, 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 2010 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
- (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 8 to 10 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 2010, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Timothy J Allman
Partner

Brisbane
8 September 2010

Information for shareholders

Annual General Meeting

The Annual General meeting of Sugar Terminals Limited will be held on Friday 29 October 2010 at the offices McCullough Robertson:

Level 11, Central Plaza Two, 66 Eagle St Brisbane Qld
Commencing at 10:00 am.

National Stock Exchange of Australia

On 26 February 2004, STL's 'G' class shares were listed on the National Stock Exchange of Australia (NSXA). The NSXA is a fully regulated main board stock exchange being Australia's second official stock exchange approved under the Corporations Act. The NSXA market provides a facility for trading securities with special requirements, as only active cane growers can hold 'G' class shares.

To buy or sell 'G' class shares an order is placed with a stockbroker of the NSXA. Buyers are required to lodge a declaration of their active grower status when placing an order. A full list of the stockbrokers of the National Stock Exchange of Australia can be obtained from the NSXA's website www.nsx.com.au.

Share Registry

There is no cost to the shareholders to have their name and number of shares listed on the register. Shareholders may contact the share registry Link Market Services Limited for all details about their shareholdings by telephoning (02) 8280 7454 or writing to:

Sugar Terminals Limited Share Registry

C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235

Fax: (02) 9287 0303

Change of Address

To notify the company of change of address details, shareholders should immediately forward a signed letter quoting their shareholder number and detailing their new address to Link Market Services Limited.

Change of Name

Shareholders who change their name should notify the company share registry in writing, attaching a certified copy of a relevant marriage certificate or deed poll.

Share Transfers

"G" class shares can be transferred only to "active growers" and "M" class shares can be transferred only to "active millers". The definitions of "active growers", "active millers", "inactive growers" and "inactive millers" are set out in the company's Constitution which has been posted on the company's web site.

For off market transactions, a share transfer form and member status declaration may be obtained from the share registry. The executed share transfer documentation, together with the member status declaration from the transferee that the transferee is an active grower or active miller, should be forwarded to the share registry for processing.

Further information covering off market and on market transfers is available in the "frequently asked questions" section of the website.

Voting at Shareholder Meetings

Shareholders are required to provide a member status declaration before being eligible to vote in person or by proxy at any meeting of shareholders.

Information for shareholders *Continued*

Registered Office

Sugar Terminals Limited
Level 3, IBM Building
348 Edward St
Brisbane Qld 4000

Postal Address

Sugar Terminals Limited
GPO Box 945
Brisbane Qld 4001
Telephone: (07) 3221 7017
Facsimile: (07) 3221 5593
Email: info@sugarterminals.com.au

Share Registry

Sugar Terminals Limited Share Registry
C/- Link Market Services Limited
Locked Bag A14
Sydney NSW 1235
Telephone: (02) 8280 7454
Facsimile: (02) 9287 0303

Web Site

www.sugarterminals.com.au

Solicitors

Clayton Utz
GPO Box 55
Brisbane Qld 4001

Auditors

PricewaterhouseCoopers
GPO Box 150
Brisbane Qld 4001

Bankers

National Australia Bank
Capital Office
308-322 Queen Street
Brisbane Qld 4000

Accountants

MHM Chartered Accountants
GPO Box 1108
Brisbane Qld 4001

Insurance Brokers

Marsh Pty Ltd
GPO Box 2743
Brisbane Qld 4001





SUGAR TERMINALS LIMITED
ABN 17 084 059 601

Registered Office
Sugar Terminals Limited
Level 3
348 Edward Street
Brisbane Qld 4000

Postal Address
Sugar Terminals Limited
GPO Box 945
Brisbane Qld 4001
Telephone: (07) 3221 7017
Facsimile: (07) 3221 5593
Email: info@sugarterminals.com.au

