



4 March 2003

INTERIM REPORT TO SHAREHOLDERS IN SUGAR TERMINALS LIMITED

On behalf of the Board of Directors of Sugar Terminals Limited, I am pleased to report to shareholders on the financial position of your Company and the outlook for 2002/03.

Profitability

The profit for the first six months of the financial year to 31 December 2002 is in accordance with the budget. In that six-month period, the Company made a Net Profit after Tax of \$7.73 million. This compares with a Net Profit after Tax of \$6.61 million for the similar six-month period in the previous year. The profit for the full financial year ended 30 June 2002 was \$14.13 million.

Dividends and Distribution to Shareholders

The dividend policy adopted by the Directors of Sugar Terminals Limited is to pay shareholders annually from the net profit of the period as high a dividend as is possible having regard to the Company's cash position.

Since 30 June 2002, the following cash distributions totalling \$54.0 million have been made to shareholders:

- July 2002: Dividend of 4 cents per share (\$14.4 million);
- November 2002: Capital Repayment 11 cents per share (\$39.6 million).

Directors anticipate that any dividend payment in respect of the year ending 30 June 2003 will be made in the second half of 2003.

Capital Works

Under arrangements with Queensland Sugar Limited, Sugar Terminals Limited is responsible for funding capital works and improvements at its existing facilities. Capital works at these facilities during the year are expected to be \$2.65 million.

In addition, Queensland Sugar Limited, with industry support, has requested the construction of a third storage shed at the Townsville Port with capacity to store in excess of 400,000 tonnes of bulk raw sugar. Construction is progressing within budget and the new facility is expected to receive sugar mid-season in September 2003. Costs are expected to be about \$61 million.

On completion, Queensland Sugar Limited will lease the new facilities from Sugar Terminals Limited.

Exempt Market, Share Registry

The Exempt Market for "G" class shares has been in operation since March 2002. The operator of the Exempt Market is ABN-AMRO Morgans, GPO Box 202, Brisbane Qld 4001, telephone (07) 3334 4880, facsimile (07) 3831 0593.

The Sugar Terminals Limited Share Registry is maintained by Douglas Heck & Burrell, GPO Box 35, Brisbane Qld 4001, telephone (07) 3228 4219, facsimile (07) 3221 3149.

Leases

Following the transfer of the majority of the bulk sugar terminal assets and each port authority lease to Sugar Terminals Limited in August 2000, the Company has been negotiating with each port authority to establish new long term leases of 100 years with options to renew. The new leases replace the partially expired original 99 year leases. Of the seven bulk sugar terminal locations, five leases are finalized and one is near completion.

In August 2000 Sugar Terminals Limited granted Queensland Sugar Limited a formal sub-lease over the terminals at the seven ports. Queensland Sugar manages all the operations of the terminals. The very good relationship between the two companies continues.

Directors and Management

Following upon some changes to the composition of the Board of Directors at the time of the Annual General Meeting, the Directors of your Company are Michael Brown, Mark Day, Steve Guazzo, Warren Martin and Alfio Musumeci. John Desmarchelier continues as General Manager and Company Secretary.

Annual General Meeting

The third Annual General Meeting of the Company will be held in Brisbane on the morning of Friday, 24 October 2003.

On behalf of Directors of Sugar Terminals Limited



MD Brown
Chairman

“INACTIVE GROWERS”

There is an obligation on “Inactive Growers” to notify the Directors of Sugar Terminals Limited that they have become “Inactive Growers”; and they must dispose of their ‘G’ class shares as soon as practicable.

The establishment of Sugar Terminals Limited (STL) clearly confirmed the raw sugar industry’s ownership of the bulk sugar terminals’ assets and leases.

In establishing the Company, sugar industry representatives determined that the ownership of the bulk sugar terminals should remain in the hands of active growers and millers. There should be no “dry”, that is “inactive”, shareholders.

The Company’s Constitution reflects those wishes by defining the status and rights of “Active” growers and millers, as well as the obligations on “Inactive” growers and millers.

Before STL approves the transfer of any ‘G’ class shares, STL must be satisfied that the person or company to whom the shares are being transferred is an “Active Grower”.

An “Active Grower” is one who holds a Cane Production Area (CPA) or who leases a CPA, and who has delivered cane to a mill in Queensland during the current season.

The majority of Queensland cane farmers hold ‘G’ class shares. The holders of ‘G’ class shares have a right to:

- receive notice of and to attend annual general meetings of the Company or any “G” class shareholders meeting;
- receive dividends as determined from time to time by Directors of STL;
- receive repayment of capital in any reduction of capital by the Company.

“Inactive Growers” are cane growers who have not been “Active Growers” for two consecutive production seasons or part thereof. They are growers who no longer hold CPA or lease CPA from another person or have not delivered cane in the consecutive seasons.

‘G’ class shareholders who become “Inactive Growers” must:

- dispose of all their ‘G’ class shares as soon as practicable; and
- immediately notify the Directors of STL in writing that they have become “Inactive Growers”.

To date, “Inactive Growers” have been allowed twelve months to dispose of their ‘G’ Class shares in the Company.



JA Desmarchelier
General Manager