What's inside . . .

Year at a glance

The Company entered into formal arrangements with Queensland Sugar Limited to finance the construction of the new storage facility at Townsville.

Long term rolling 100 year leases have been negotiated with port authorities for five of the seven terminal locations. Negotiations continue with the remaining two port authorities.

A return of capital of $39.6 million (11.0 cents per share) has been recommended to shareholders.

	2001–2002	**2000–2001**[1]
■ Revenue ($'000)	31,976	25,964
■ Net Profit ($'000) (after tax)	14,134	9,708
■ Earnings per share (after tax)	3.93 cents	2.96 cents
■ Distribution to shareholders[2] ($'000)	14,400	9,360
■ Total assets ($'000)	395,158	386,209
■ Net tangible asset backing per share	$1.03	$1.05

[1] Operations for 11 months from 2 August 2000

[2] The STL dividend was fully franked in both years

Sugar Terminals Limited

- an industry owned company

Company Profile

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

STL is subject to Federal income tax at the corporate rate, which was 30 percent in 2001/02. The Board has a policy to pay franked dividends to shareholders from after-tax profits.

Industry Ownership Achieved

In December 2000, the sugar industry assumed ownership of STL with the transfer of 360 million shares from QSC to eligible growers and millers in the proportions of:

- 229,348,203 “G” class shares to growers
- 130,651,797 “M” class shares to mill owners

Control

The Board of Directors, which sets policy direction, consists of five Directors, two representing “G” class shareholders, two representing ‘M’ class shareholders and one Independent Director. To provide efficiencies and cost savings, the Australian Sugar Milling Council provides management and administrative services under an agreement with STL.

Chairman's Overview

It is with pleasure that I bring you my report on the company's second year of operations and activities.

The financial result for the year ended 30 June 2002 was a net profit after income tax of $14,134,000 compared with a profit after income tax for the previous 11 month period of $9,708,000.

In accordance with the Company's Dividend Policy a dividend of 4 cents a share (a total payout of $14,400,000) was paid out of the profit for the year on 24 July 2002. This dividend was fully franked at 30% which amounts to 1.7 cents per share. The fully franked dividend represents a payment of 5.7 cents per share being:

Dividend	4.0 cents
Tax credit (cash equivalent)	1.7 cents
	5.7 cents

In all ... STL will pay out a total of $54,000,000 to shareholders during calendar 2002

The previous year's dividend was 2.6 cents per share, fully franked.

During the year Sugar Terminals Limited entered into an agreement with Queensland Sugar Limited to finance and construct an additional storage facility contiguous with the existing facility at the Port of Townsville. Under the agreement the new facility will be subleased to Queensland Sugar Limited upon completion. It is anticipated the facility will be operating in the third quarter of 2003.

After a comprehensive review of the Company's future cash flows, funding requirements and other matters, the Directors resolved to recommend to shareholders a return of capital of 11 cents per share in November, a payment of $39,600,000. In all, subject to shareholders' approval, STL will pay out a total of $54,000,000 to shareholders during calendar year 2002.

Resolutions to this effect will be brought to shareholders at the forthcoming Annual General Meeting to be held in Brisbane on 21 October 2002.

Last year I advised that we were in negotiations with Port Authorities for new 100 year rolling leases at a peppercorn rental for each of the seven terminals. Negotiations have been slow and, while I am pleased to tell you we have now completed successful negotiations with Port Authorities for five terminals, it is disappointing that we are still in negotiations with two Port Authorities.

Our very good working relationship with Queensland Sugar Limited, manager of the operations of the terminals, continues.

Your Directors look forward to 2002/2003.

Michael Brown

Michael Brown
Chairman

General Manager's Report

The year under review was a period of consolidation for the company which commenced commercial operations in August 2000. Looking ahead, STL has a clear direction and holds a strong financial position.

Sub-lease with Queensland Sugar Limited (QSL)

The working relationship between STL and QSL continues to be constructive. In August 2000, STL granted QSL a formal sub-lease over the terminals at the seven ports. The rental arrangements negotiated reflected the serious economic conditions facing the industry stakeholders at the time, as well as the interests of shareholders.

Regular meetings are held between senior staff of STL and QSL to discuss major issues related to planned maintenance, insurances and capital improvements. The General Manager inspects the receival, storage and loading facilities at each terminal on a regular basis.

Capital Expenditure

Following upon adoption of recommendations from QSL, STL undertook capital expenditure at the sugar terminals in 2001/02 of $2.55 million. This included a major upgrade for the Bundaberg wharf associated with the deepening of the port channel.

Capital improvements at the terminals in 2002/03 to be funded by STL are expected to cost $2.45 million.

In addition, STL has entered into a formal arrangement with QSL to finance the construction of a new storage facility at Townsville. STL has a planned expenditure of $60 million from cash reserves and borrowings for the new 400,000 tonne capacity facility which will receive sugar from production next season (2003). On completion, the asset will be handed over to STL and an agreed rental will be paid by QSL based on the capital value of the project.

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.

New 100 year-leases, with options to renew for a further 100 years, have been finalised with Bundaberg Port Authority, Mackay Port Authority, Townsville Port Authority and with Ports Corporation of Queensland for Lucinda and Mourilyan. Arrangements with one other port authority are almost complete.

Management of STL

Rather than establish a separate entity at some cost to shareholders, the Directors of STL entered into an arrangement with the Australian Sugar Milling Council (ASMC) to provide accommodation and a range of administrative and management services. The agreement has been cost-effective for STL operations and has been extended until 30 June 2003.

Operating Revenue

Total revenue in the year under review was $31.98 million, an improvement on the previous year when total revenue was $25.96 million (for an 11 month period). The major source of income was from rental revenue of $29.72 million ($24.51 million in the previous year). Interest on funds invested was $2.14 million ($1.41 million in 2000/01)

After providing for depreciation of $9.84 million and taxation of $6.27 million, the Company had a net profit of $14.13 million ($9.71 million in 2000/01).

Financial Position

STL began its third year of operations (2002/03 in a sound financial position with no debt and with substantial cash investments in place. The Company is budgeting for an increase in rent and a reduction in most areas of expense apart from insurances on STL assets.

Total revenue in the year under review was $31.89 million . . .

In recommending to shareholders a return of capital of $39.6 million (11 cents per share) Directors had regard to the most constructive use of shareholders' funds. Payment for the new facility at Townsville will be met from bank loans and cash flow.

John Desmarchelier
General Manager
Sugar Terminals Limited

Organisation – Corporate Governance

Attention to the quality and effectiveness of key relationships, decision-making processes and governance practices is contributing to the development of Sugar Terminals Limited.

Governance Relationships

The Board of Directors is responsible for the overall direction of STL 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,* STL kept shareholders informed with an *Interim Report to Shareholders* released on 17 June 2002. It covered:

- improved profitability
- dividend payment
- planned return of capital
- leases with Port Authorities
- STL management
- expansion of storage
- date of the AGM

The *Interim Report* and *Information to Shareholders* document 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.

First Directors

The First Directors were:

- Geoffrey Edmund Mitchell;
- Harold Rosario Bonanno;
- Warren Alfred Martin;
- John Anthony Desmarchelier; and
- Michael Douglas Brown.

Mr Brown was elected Chairman on 1 August 2000. Mr Desmarchelier was appointed General Manager on 1 August 2000 and became Company Secretary on 1 November 2001.

The term of appointment of each of the First Directors is such that:

- 1 Grower Director and 1 Miller Director retire at the annual general meeting held in the year 2002;
- 1 Grower and 1 Miller Director retire at the annual general meeting held in the year 2003;
- the Independent Director retires at the annual general meeting held in the year 2004.

Retiring Directors are eligible for re-election.

Meeting of "M" Class Shareholders

A meeting of "M" Class shareholders in STL was held on 21 March 2002 in Brisbane to elect two Miller Directors to replace Mr JA Desmarchelier and Mr PG James, both of whom resigned as Directors effective from 24 March 2002.

Mr AJ Musumeci and Mr IM McMaster were elected as Miller Directors at that meeting.

The Board

The Board of Directors as at 30 June 2002 comprised:

- Michael D Brown (Chairman)
- Harold R Bonanno
- Warren A Martin
- Ian M McMaster
- Alfio J Musumeci

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 Bonanno) and a Miller Director (Mr Musumeci). 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
- accounting procedures and reporting
- adequacy of accounting controls
- financial investment planning and reporting
- compliance with legislation
- maintenance of records and minutes
- identification of risk:
  - (a) leases with port authorities;
  - (b) sublease with QSL;
  - (c) environment in respect to (a) and (b)
- insurance of STL assets
- maintenance of STL assets.

The Board held 9 meetings during the 12-month period to 30 June 2002.

Board Leadership and Support

The Chairman carries 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, including assistance in communications between Board and management, attending meetings and recording minutes of the proceedings. The Secretary is appointed by the Board.

Board Meetings

The Board held 9 meetings during the 12-month period to 30 June 2002. It plans to hold 8 regular meetings in the current year, with some held in regional centres. The agenda for the meetings is prepared in conjunction with the Chairman and 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 monthly financial reports, and approves major transactions. Directors have access to independent professional advice.

Financial Report

Statement of financial performance for the year ended 30 June 2002

	Note	2002 $000	2001 $000
Revenue from ordinary activities	2	31,976	25,964
Depreciation and amortisation expense	3	9,865	9,057
Professional Fees Expense		567	1,433
Insurance Expense		512	307
Other expenses from ordinary activities		630	579
Profit from ordinary activities before income tax expense	3	20,402	14,588
Income tax expense	4	6,268	4,880
Profit from ordinary activities after income tax expense		14,134	9,708
Net profit attributable to members of Sugar Terminals Limited		14,134	9,708
Basic earnings per share (cents per share)	21	3.93	2.96

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2002

	Note	2002 $000	2001 $000
CURRENT ASSETS			
Cash assets	5	51,547	38,198
Receivables	6	1,484	457
Deferred tax assets	7	38	33
Other	8	17	1
TOTAL CURRENT ASSETS		53,086	38,689
NON-CURRENT ASSETS			
Property, plant and equipment	9	342,072	347,519
TOTAL NON-CURRENT ASSETS		342,072	347,519
TOTAL ASSETS		395,158	386,208
CURRENT LIABILITIES			
Payables	10	3,673	1,631
Current tax liabilities	11	7,175	4,913
Provisions	12	14,400	9,360
TOTAL CURRENT LIABILITIES		25,248	15,904
TOTAL LIABILITIES		25,248	15,904
NET ASSETS		369,910	370,304
EQUITY			
Contributed equity	13	369,828	369,956
Retained profits	14	82	348
TOTAL EQUITY		369,910	370,304

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2002

	Note	2002 $000	2001 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		29,459	25,084
Payments to suppliers and employees		(1,857)	(1,148)
Interest received		1,234	951
Income Tax Paid		(4,011)	–
Net cash inflow from operating activities	20	24,825	24,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		(11)	–
Purchase of property, plant and equipment		(1,977)	(905)
Net cash outflow from investing activities		(1,988)	(905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	14,281
Share Issue Costs		(128)	(65)
Dividends paid		(9,360)	–
Net cash inflow from financing activities		(9,488)	14,216
Net increase in cash held		13,349	38,198
Cash at 1 July 2001		38,198	–
Cash at 30 June 2002	5	51,547	38,198

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2002

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

a. **Income Tax**

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

b. **Property, Plant and Equipment**

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	1.25–14.29%

c. **Cash**

For the purpose of the statement of cash flows, cash includes:

– Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and

– Investments in money market instruments with less than 14 days to maturity.

d. **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

e. **Rounding of Amounts**

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

NOTE 2: REVENUE	**2002 $000**	**2001 $000**
Revenue From Operating Activities		
– rental revenue	29,724	24,506
Revenue From Outside The Operating Activities		
– interest received	2,142	1,408
– other revenue	102	9
– sale of non-current assets	8	41
Total Revenue From Ordinary Activities	31,976	25,964

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax includes the following specific net gains and expenses		
Expenses:		
Depreciation of non-current assets:		
Plant and equipment	9,865	9,057
Net loss on disposal of property, plant & equipment	50	77

NOTE 4: INCOME TAX EXPENSE

The income tax expense for the financial year differs from the amount calculated on profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	20,402	14,588
Income tax calculated at 30% (2001:34%)	6,121	4,960
Tax effect of permanent differences:		
– Non-deductible depreciation and amortisation	152	169
– Sundry Items	(5)	(22)
Income Tax Adjusted for Permanent Differences	6,268	5,107
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 30%		(227)
Income tax expense	6,268	4,880
Income tax expense comprises:		
– Current taxation provision	4,968	3,177
– Deferred income tax provision	1,304	1,736
– Future income tax benefit	(4)	(33)
	6,268	4,880

NOTE 5: CURRENT ASSETS – CASH

	2002 $000	2001 $000
Cash at bank	6,547	3,198
Deposits at call	45,000	35,000
	51,547	38,198

Reconciliation of Cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash	51,547	38,198

NOTE 6: CURRENT ASSETS – RECEIVABLES

Other Debtors	1,401	457
GST Refundable	83	0
	1,484	457

NOTE 7: CURRENT ASSETS – DEFERRED TAX ASSETS

Future income tax benefit	38	33
a. The future income tax benefit is made up of the following estimated tax benefits:		
– timing differences	38	33
b. Future income tax benefits not brought to account relating to capital losses		
	34	26

NOTE 8: CURRENT ASSETS – OTHER ASSETS

Prepayments	17	1

NOTE 9: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

Freehold land – At cost	16,975	16,975
Subsequent additions at cost	–	–
Capital Work-in-Progress	2,479	–
Total Land & Buildings	19,454	16,975
PLANT AND EQUIPMENT		
Plant and equipment – At cost	341,440	339,601
Accumulated depreciation	(18,822)	(9,057)
Total Plant and Equipment	322,618	330,544
	342,072	347,519

a. Movements in Carrying Amounts
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land $000	Plant & Equipment $000	Total $000
Balance at the beginning of year	16,975	330,544	347,519
Additions	–	1,977	1,977
Work-in-Progress	2,479	–	2,479
Disposals	–	(40)	(40)
Depreciation expense	–	(9,865)	(9,865)
Carrying amount at the end of year	19,454	322,618	342,072

NOTE 10: CURRENT LIABILITIES – PAYABLES

	2002 $000	2001 $000
Trade creditors	3,651	1,159
Sundry creditors and accrued expenses	22	472
	3,673	1,631

NOTE 11: CURRENT LIABILITIES – TAX LIABILITIES

Income tax	4,134	3,177
Provision for deferred income tax	3,041	1,736
	7,175	4,913

NOTE 12: CURRENT LIABILITIES – PROVISIONS

Dividends	14,400	9,360

NOTE 13: CONTRIBUTED EQUITY

	Note		
360,000,000 (2000 nil) fully paid ordinary shares	13a	369,828	369,956
		369,828	369,956
a. Ordinary shares			
At the beginning of the reporting period		369,956	–
Shares issued during the year			
– 360,000,000 on 2 August 2000		–	374,106
Transaction costs relating to share issues		(128)	(4,150)
At reporting date		369,828	369,956

Movements in ordinary share capital	**SHARES**	**SHARES**
At the beginning of reporting period	360,000,000	–

NOTE 13: CONTRIBUTED EQUITY

Shares issued during year		
– 2 August 2000	–	360,000,000
At reporting date	360,000,000	360,000,000
Class of shares		
“G” Class shares to Growers	229,348,203	229,348,203
“M” Class shares to Mill Owners	130,651,797	130,651,797
	360,000,000	360,000,000

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At shareholders’ meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

A proposed return of capital of $39.6 million (11 cents per each share issued) was approved by the Board of Directors on 17 June 2002. Subject to the approval of shareholders at the AGM in October, the return of capital will be distributed in the next financial year.

b. Redeemable Preference Shares		
At beginning of the reporting period	–	3
All shares were redeemed for nil during the reporting period	–	(3)
At reporting date	–	–

NOTE 14: RETAINED PROFITS

	2002 $000	2001 $000
Retained profits at the beginning of the financial year	348	–
Net profit attributable to members of Sugar Terminals Limited	14,134	9,708
Dividends provided for or paid	(14,400)	(9,360)
Retained profits at the end of the financial year	82	348

NOTE 15: DIVIDENDS

Ordinary Shares

Final dividend of 4.0 cents fully franked per fully paid share recognised as a liability and was paid on or before 26 July 2002.	14,400	9,360

NOTE 16: FINANCIAL INSTRUMENTS

Interest rate risk exposures

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

2002	Notes	Floating Interest Rate $000	Fixed Interest maturing in 1 year or less $000	Non-interest bearing $000	Total $000
Financial Assets					
Cash & deposits	5	6,547	45,000	0	51,547
Receivables	6	0	0	1,484	1,484
		6,547	45,000	1,484	53,031
Weighted average interest rate		**4.00%**	**4.86%**		
Financial Liabilities					
Trade & other creditors	10	0	0	3,673	3,673
Trade & other creditors		0	0	3,673	3,673
Net financial assets (liabilities)		6,547	45,000	(2,189)	49,358

NOTE 17: CONTINGENT LIABILITIES

Estimates of the maximum amounts of contingent liabilities, that may become payable:

Upon the issue of shares to eligible growers and millers at the end of 2000, some description errors occurred in respect of a small number of shareholders in January 2001. Steps were taken by the Company to rectify the share register and in the year ended 30 June 2002, certain legal costs were incurred.

The Company expects that it shall be reimbursed by a third party for most or all of such costs, including costs incurred (and expensed) in the years ended 30 June 2001 and 2002. Accordingly, in preparing the financial statements as at 30 June 2002 no further amounts have been provided for costs on this matter.

NOTE 18: REMUNERATION AND RETIREMENT BENEFITS

	2002	2001
	$	$
a. Directors' Remuneration		
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are Directors and any related parties	135,000	123,601
	No.	No.
$ 0 – $ 9,999	2	1
$10,000 – $19,999	4	4
$50,000 – $59,999	1	1
b. Retirement and Superannuation Payments		
Amounts of a prescribed benefit given during year by the Company to a director or a prescribed super fund in a connection with the retirement from a prescribed office	7,163	7,301

NOTE 19: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:		
– Auditing or reviewing the financial report	30,387	38,500
– Other services	63,946	473,946

NOTE 20: RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 $000	2001 $000
Profit from ordinary activities after income tax	14,134	9,708
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Depreciation	9,865	9,057
Net loss on disposal of property, plant and equipment	50	77
Reinstatement of non-current assets	–	(8)
Increase in trade and term debtors	(1,027)	(457)
Increase in prepayments	(2,495)	(1)
Increase in future income tax benefit	(5)	(33)
Increase in trade creditors and accruals	2,042	1,631
Increase in provision for income taxes payable	957	3,177
Increase in provision for deferred income taxes payable	1,304	1,736
Net cash inflow from operating activities	24,825	24,887

NOTE 21: EARNINGS PER SHARE

	2002	2001
Basic earnings per share (cents)	3.93	2.96
Earnings used in the calculation of basic earnings per share	14,134,106	9,708,099
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	360,000,000	328,438,356

NOTE 22: RELATED PARTIES

Directors

The names of persons who were directors of Sugar Terminals Limited at any time during the financial year are as follows: MD Brown; HR Bonanno; JA Desmarchelier; PG James, WA Martin, AJ Musumeci and IM McMaster. All of these persons were directors during the year ended 30 June 2001, except for AJ Musumeci and IM Master who were appointed on 25 March 2002. In addition, JA Desmarchelier and PG James held office as directors until their resignations on 24 March 2002.

Remuneration and Retirement Benefits

Information on remuneration and retirement benefits of directors is disclosed in note 18 to the accounts.

Transactions of directors and director-related entities concerning shares

Aggregate numbers of shares of Sugar Terminals Limited acquired or disposed of by the directors of the company or their director related entities from the company;

Acquisitions	**2002 No.**	**2001 No.**
Ordinary Shares		
HR Bonanno	–	65,325
WA Martin	–	34,826
Disposals		
Redeemable Preference Shares		
JA Desmarchelier	–	1

Aggregate number of shares of Sugar Terminals Limited held directly, indirectly or beneficially by directors of the company or their director-related entities at balance date

Ordinary Shares		
HR Bonanno	65,325	65,325
WA Martin	34,826	34,826
Redeemable Preference Shares		
JA Desmarchelier	–	–

Other transactions with directors and director-related entities

Directors HR Bonanno, WA Martin and IM McMaster are directors of Queensland Sugar Limited. During the reporting period Queensland Sugar Limited operated under the terms of a sub-lease from Sugar Terminals so that Queensland Sugar Limited can utilise the sugar terminals for storage and loading of products and for such other purposes to which Sugar Terminals Limited consents and which are permitted under the terminal lease arrangement which Sugar Terminal Limited has in respect to each of the Port Authorities. In return Sugar Terminals Limited receives rent. The sub-lease was based on normal commercial terms and conditions.

Two directors, Mr AJ Musumeci and Mr IM McMaster are also directors of Australian Sugar Milling Council Pty Ltd. The Australian Sugar Milling Council Pty Ltd provides administrative, secretarial and management services to Sugar Terminals Limited. Under the terms of the arrangement provision of these services has been extended to 30 June 2003. The services are provided on normal commercial terms and conditions. A director, Mr MD Brown was engaged by the Bulk Sugar Terminals Management Group as project coordinator for the establishment of Sugar Terminals Limited. Under this appointment he was remunerated. His position as project coordinator was completed on 31 October 2000. The appointment was based on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with directors and their director-related entities:

	2002 $000	**2001 $000**
Rent received from Queensland Sugar Limited	29,724	24,506
Services provided by Australian Sugar Milling Council Pty Ltd	195	192
Payments made to Mr MD Brown	–	25

NOTE 23: SEGMENT INFORMATION

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

NOTE 24: CAPITAL COMMITMENTS

	2002 $000	2001 $000
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	45,000	–
Later than one year but no later than five years	10,000	–
	55,000	–

Queensland Sugar Limited has entered into a major contract for the construction of an additional storage facility at the Townsville terminal. On completion, the asset will be owned by Sugar Terminals Limited. Sugar Terminals Limited has undertaken to finance the construction of the storage facility on a progressive basis.

Directors' Report

Your directors present their report together with the financial report of Sugar Terminals Limited ("the Company"), and the auditor's report on the Company for the financial year ended 30 June 2002.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr Michael D Brown
Mr John A Desmarchelier AM, ED (resigned 24.03.02)
Mr Warren A Martin
Mr Alfio J Musumeci (appointed 25.03.02)
Mr Harold R Bonanno
Mr Peter G James (resigned 24.03.2002)
Mr Ian M McMaster (appointed 25.03.2002)

Principal Activities

The principal activities of the Company during the financial year were:

- – Ownership of bulk sugar terminal assets;
- – Protection of the bulk sugar terminal assets;
- – Managing, development, and financing of bulk sugar terminals; and
- – Negotiating long term leases with Port Authorities.

There were no significant changes in the nature of the Company's principal activities during the financial year.

Operating Results

The consolidated profit of the Company after providing for income tax amounted to $14,134,106.

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Final ordinary dividend of $0.04 per share fully franked was resolved by the directors on 17 June 2002. Total dividend paid in July 2002 – $14,400,000.

Review of Operations

Sugar Terminals Limited commenced full commercial operation on 02 August 2000 with the transfer of the bulk sugar terminal assets and the leases with each Port Authority, previously held by the Queensland Sugar Corporation.

The assets transferred to the company included the "fixed" depreciable assets of the bulk sugar terminals that comprised the buildings and specificed plant and equipment. The balance of the depreciable bulk sugar terminal assets comprising the "operating assets" were transferred to Queensland Sugar Limited (QSL).

The value of the depreciable assets transferred to STL was $338.81 million; the value of land transferred to STL was $16.98 million.

In addition, the company received from Queensland Sugar Corporation $17,479,960 representing the share of the depreciation reserve relating to the fixed assets.

The consideration for the transfer of assets to the company was the issue of 360 million shares to the Queensland Sugar Corporation.

Industry ownership of the company was achieved in late December 2000 with the transfer of 360 million shares from Queensland Sugar Corporation to eligible growers and eligible millers in the proportions of:

- 229 348 203 "G" Class Shares to growers
- 130 651 797 "M" Class Shares to mill owners

There were a total of 12,491 "G" Class Shareholders and 11 "M" Class Shareholders.

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company during the financial year under review.

After Balance Date Events

In the opinion of the directors, no matter or circumstance has arisen since 30 June 2002 that has significantly affected, or may affect:

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

Future Developments

The likely developments in the operations of the Company and the expected results of those operations in future financial years are as follows:

To meet marketing requirements of Queensland Sugar Limited, a new storage shed at Townsville is to be constructed. The Company will finance the proposed shed at a cost of approximately $55 million, with completion in the latter half of 2003.

Environmental Issues

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

Information on Directors

Michael D Brown – (Chairman) (Non-executive)

Fellow of the Institute of Chartered Accountants. Director: Energex Retail Pty Ltd (Chairman); Grainco Australia Limited.

Harold R Bonanno – Director (Non Executive).

Formerly Chairman of the Queensland Cane Growers Organisation Ltd (CANEGROWERS). Director: Queensland Sugar Limited and Chairperson of Burnett Mary Regional Group for Natural Resource Management.

Special Responsibilities – Member of the Audit and Risk Committee.

John A Desmarchelier – Director (Non Executive) – Resigned 24 March 2002

Bachelor of Commerce (Applied Psychology); Bachelor of Economics; Master of Business Administration; Company Directors Diploma; Fellow, Australian Institute of Company Directors; Member of the Senate of the University of Queensland and an Adjunct Professor at that University.

Special Responsibilities – General Manager and Company Secretary.

Peter G James – Director (Non Executive) – Resigned 24 March 2002

Dip.Ed, Assoc. Dip. Accounting. General Manager of CSR Sugar Mills Group until March 2002.

Special Responsibilities – Member of the Audit and Risk Committee – Resigned 24 March 2002.

Warren A Martin – Director (Non Executive)

Master of Business Administration. Previously Executive Chairman of the Australian Cane Farmers Association and is a Director of that Association. Director: Queensland Sugar Limited and Queensland Regulatory Adjustment Authority.

Ian M McMaster – Director (Non-Executive) – appointed 25 March 2002

Bachelor of Engineering (Hons), Master of Engineering, Honary Fellow University of Wollongong. CEO of CSR Sugar with responsibilities for CSR sugar mills, distillery and refinery operations. Director: Australian Sugar Milling Council Pty Ltd, Queensland Sugar Limited, Sugar Australia, New Zealand Sugar Company Limited and C. Czarnikow Sugar Limited.

Alfio J Musumeci – Director (Non-Executive) – appointed 25 March 2002

Bachelor of Science (Hons), Bachelor of Commerce. General Manager, Proserpine Co-Operative Sugar Milling Associations Limited. Director: Australian Sugar Milling Council Pty Ltd, Mackay Whitsunday Regional Economic Development Corporation and Molasses Central Queensland Joint Venture (Chairman).

Special Responsibilities – Member of the Audit and Risk Committee – appointed 27 May 2002.

Meetings of Directors – During the financial year, 9 meetings of Directors were held. The number of meetings attended by each Director during the year is stated in this report.

	DIRECTORS' MEETINGS		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Michael D Brown	9	9	0	0
Harold R Bonanno	9	8	1	1
John A Desmarchelier	7	7	0	0
Peter G James	7	6	1	1
Ian M McMaster	2	2	0	0
Warren A Martin	9	9	0	0
Alfio J Musumeci	2	2	0	0

Indemnifying Officers

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has entered into an agreement to indemnify the current and former Directors, Company Secretary and Officers of Sugar Terminals Limited. It is also a combined limit over both the Directors' and Officers' policy and the Company Reimbursement policy. Excess includes a $10,000 on the Company reimbursement policy, nil on the Directors, and Officer Policy excludes: Acts of Terrorism, 15% Major shareholder exclusion; insolvency exclusion; and USA/Canada Exclusion. Cost of premium $13,864.62.

The Company has paid premiums to insure each of the following Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $4,908.75.

Mr Michael D Brown
Mr Harold R Bonanno
Mr John A Desmarchelier
Mr Peter G James
Mr Warren A Martin
Mr Ian M McMaster
Mr Alfio J Musumeci

Options

No options were issued.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Director Michael Brown Director Ian McMaster

M D Brown IM McMaster

Dated this 11th day of September 2002.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 8 to 18:

(a) comply with Accounting Standards, as detailed above, and the Corporations Regulations 2002; and

(b) give a true and fair view of the Company's financial position as at 30 June 2002 and of its performance, as represented by the results of its operations and its cashflows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2002; 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.

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

Director Michael Brown Director Ian McMaster

M D Brown IM McMaster

Dated this 11th day of September 2002.

Auditor's Report

Audit opinion

In our opinion, the financial report, as set out on pages 8 to 18:

(i) presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Sugar Terminals Ltd as at 30 June 2002 and of its performance for the year ended on that date: and

(ii) is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Sugar Terminals Ltd. It includes the financial statement for Sugar Terminals Ltd (the company) during the year ended 30 June 2002

The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

The procedure included:

(i) selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence; and

(ii) evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report; and

(iii) obtaining written confirmation regarding material representations made to us in connection with the audit; and

(iv) reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of the company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the company. These services are disclosed in note 19 to the financial statements. In our opinion the provision of these services has not impaired our indepndence.

PricewaterhouseCoopers
Chartered Accountants

R J Roach
Partner

Brisbane
11 September 2002

Information for Shareholders

Annual General Meeting

The Annual General meeting of Sugar Terminals Limited will be held on 21 October 2002 at:
The Hilton Hotel,
Queen Street,
Brisbane Qld 4000
Commencing at 10:00am.

Exempt Stockmarket

Sugar Terminals Limited has established an exempt stock market for "G" class shares that is operated by ABN AMRO Morgans. The market will match those people wishing to sell their STL shares with those who seek to buy them. It operates in a similar way to the Australian Stock Exchange but will be restricted to "active growers".

Share Registry

There is no cost to the shareholders to have their name and number of shares listed on the register. Shareholders may contact Douglas Heck & Burrell for all details about their shareholdings by telephoning (07) 3228 4219 or writing to:

Sugar Terminals Limited Share Registry
c/- Douglas Heck & Burrell
GPO Box 35
Brisbane Qld 4001
Fax: (07) 3221 3149

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 Douglas Heck & Burrell.

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. Change of name information should be forwarded to Douglas Heck & Burrell.

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 *Information for Shareholders* document sent to shareholders. A copy of the document has been posted on the company's web site.

You can obtain a copy of a share transfer form and declaration from Douglas Heck & Burrell. The executed share transfer documentation (stamped for stamp duty purposes), together with a declaration from the transferee that the transferee is an active grower or active miller, should be forwarded to Douglas Heck & Burrell for processing.

Inactive Grower or Miller Status

Under the Constitution of the company, members who become either "inactive growers" or "inactive millers" must immediately notify the company Directors in writing that they have become inactive and must dispose of their shares as soon as practicable. An "inactive grower" is one who has not been an "active grower" for two consecutive production seasons or part thereof. An "inactive miller" has not been an "active miller" for two consecutive production seasons or part thereof.

The company Directors recognise that on the issue of the shares, a number of members were no longer active growers, and have allowed them adequate time to sell their shares. Members who were inactive at 1 March 2001, and who notified the company of their inactive status by 31 March 2001, have until 31 December 2002 to dispose of their shares.

Registered Office

Sugar Terminals Limited
North Podium Level
192 Ann Street
Brisbane Qld 4000

Postal Address

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

Share Registry

Sugar Terminals Limited Share Registry
c/- Douglas Heck & Burrell
Level 22/300 Queen Street, Brisbane
GPO Box 35
Brisbane Qld 4001
Telephone (07) 3228 4219
Facsimile (07) 3221 3149

Exempt Market Information

ABN AMRO Morgans
GPO Box 202
Brisbane Qld 4001
Telephone (07) 3334 4888
Facsimile (07) 3831 0593

Web Site

www.sugarterminals.com.au

Solicitors

Clayton Utz
GPO Box 55
Brisbane Qld 4001

Auditors and Taxation Accountants

PricewaterhouseCoopers
GPO Box 150
Brisbane Qld 4001

Bankers

National Australia Bank
Capital Office
Ground Floor/308–322 Queen Street
Brisbane Qld 4000

Accountants

Manning Hickson Maletz
GPO Box 1108
Brisbane Qld 4001

Insurers

Marsh Pty Ltd
GPO Box 2743
Brisbane Qld 4001