



ANNUAL REPORT 2007-2008

SUGAR TERMINALS LIMITED



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Year at a glance

	2008	2007
▪ Revenue (\$'000)	50,283	49,965
▪ Net Profit (\$'000) (after tax)	25,111	24,658
▪ Earnings per share (after tax)	6.98 cents	6.85 cents
▪ Distribution to shareholders ^[1] (\$'000)	28,440	25,200
▪ Total assets (\$'000)	356,883	373,573
▪ Net assets (\$'000)	344,516	348,205
▪ Net tangible asset backing per share	\$0.96	\$0.97

^[1] The STL dividend was fully franked in both years

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.

It is with pleasure that I bring you my report on the Company's activities for the year ended 30 June 2008.

The financial result for the year was a net profit after tax of \$25.1 million compared with a net profit after tax for the previous year of \$24.7 million. The increase in profit is principally due to increased rental received under the sub-lease agreement with Queensland Sugar Ltd.

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 declared bi-annually in March and September.

In accordance with this policy, the directors paid an interim dividend of 4 cents per share on 31 March 2008 and have resolved to pay a final dividend of 3.9 cents per share, making a total distribution of 7.9 cents per share, or \$28.44 million. The final dividend will be paid on 30 September 2008 to shareholders recorded on the share register on 15 September 2008. The dividends will be fully franked at 30% which amounts overall to 2.96 cents per share.

In the last four 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 and outstanding contractual commitments. I also advised that the action by the building contractor Walter Construction Group (Walter) was stayed and it was not known whether the liquidator or some other party would proceed with the action. There has been no change to that situation during the year and our advisors consider that, as time goes by, the likelihood of the claim proceeding is now considered to be remote. Our efforts are being directed into determining the best way to rectify various defective works. Experts are being used to assist in this process. The total rectification costs are not known. Progress is being made with the rectifications.

On 15 July 2008, a contract was signed for the sale of the Brisbane terminal property for \$40 million. The contract is subject to a number of conditions which are unlikely to be satisfied before mid October. Settlement is not due until 15 December 2008. Directors will consider payment of a special dividend after settlement.

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 are in final stages and completion is expected in the near future. We now have overall agreement but are awaiting final sign off by the parties to the agreement.

The Sub-lease to QSL terminated on 30 June 2008. In June 2008, it was agreed with QSL that QSL will occupy the terminals on the basis of a monthly tenancy terminable by either party on one months notice in writing to the other and otherwise on the same terms and conditions as the Sub-lease which terminated on 30 June 2008. The month to month tenancy will continue (unless terminated) pending the outcome of discussions with QSL regarding long term arrangements for the terminals.

We continue to have a very good working relationship with QSL, manager of the terminal operations.



Michael Brown
Chairman

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, have been finalised with the Port of Brisbane Corporation, Bundaberg Port Authority, Cairns Port Authority, Mackay Port Authority, Townsville Port Authority and with Ports Corporation of Queensland for Lucinda and Mourilyan. During the year, the Company exercised an option to convert the Brisbane terminal property to freehold.

Sub-lease with Queensland Sugar Limited (QSL)

In August 2000, STL granted QSL a formal sub-lease 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 sub-lease 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 sub-lease terminated on 30 June 2007, and prior to that date, the parties agreed to extend the sub-lease 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 terminable by either party on one months notice in writing to the other and otherwise on the same terms and conditions as the Sub-lease which terminated on 30 June 2008. The month to month tenancy will continue (unless terminated) pending the outcome of discussions with QSL regarding long term arrangements for the terminals. The sub-lease has been amended to remove the Brisbane Terminal effective from 1 July 2007. Discussions are continuing with QSL.

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. The working relationship between STL and QSL continues to be constructive.

Operating Revenue

Total revenue for the year under review was \$50.3 million, a small improvement on 2007 when total revenue was \$50.0 million. The major source of income was from rental revenue of \$49.7 million (\$49.0 million in 2007). The principal reason for the increase in rental revenue was CPI adjustment to rental received under the amended sub-lease effective.

Operating Results

The net profit after income tax for the year was \$25.1 million (\$24.7 million in 2007) representing 6.98 cents per share (6.85 cents in 2007).

Capital Expenditure

Based on recommendations from QSL, STL undertook capital expenditure at the sugar terminals during the year of \$1.8 million. \$0.9 million was also spent on the acquisition of freehold land in Brisbane.

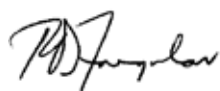
Capital enhancements at the terminals in 2009 to be funded by STL are budgeted to cost \$3.1 million.

Financial Position

The company is in a sound financial position and was free of debt at 30 June 2008. A bank loan amounting to \$45 million which was used to partly finance the new Townsville shed has now been repaid in full. The company has a \$3m overdraft facility which is used to fund short term deficiencies when dividends are paid.

National Stock Exchange of Australia

The "G" class shares were listed on the National Stock Exchange of Australia on 26 February 2004. Since that date there have been 1146 transactions totalling 54.7 million shares with a value of \$36.5 million.



Richard Farquhar
General Manager

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 as at 30 June 2008 comprised:

- Michael D Brown (Chairman)
- Mark R Day
- John J Grasso
- 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
 - 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.



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 12 meetings during the year to 30 June 2008. 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.

Your directors present their report on the Company of Sugar Terminals Limited for the year ended 30 June 2008.

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 John Grasso
Mr Stephen Guazzo
Mr James F Hesp

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

	2008	2007	2006	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations	50,283	49,965	47,875	43,485	39,982
Profit attributable to members of STL	25,111	24,658	22,270	18,964	16,813

Balance sheet

Current assets	12,906	13,531	20,983	22,509	12,072
Non-current assets	343,977	360,042	371,321	382,031	393,186
Current liabilities	(6,244)	(19,466)	(19,542)	(25,560)	(20,238)
Non-current liabilities	(6,123)	(5,902)	(16,815)	(27,303)	(37,907)
Net assets	344,516	348,205	355,947	351,677	347,113

Dividends – Sugar Terminals Limited

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

	2008	2007
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2007 of four cents per share, (2006 – six cents per share), fully franked based on tax paid of 30%, paid on 27 September 2007.	14,400	21,600
Interim dividend for the year ended 30 June 2008 of four cents per share (2007 – three cents per share), fully franked based on tax paid of 30%, paid on 31 March 2008.	14,400	10,800
	28,800	32,400

Since the end of the financial year the directors have determined that a final ordinary dividend of \$14.04 million (3.9 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 30 September 2008 out of retained profits at 30 June 2008 to shareholders whose names are recorded on the Register on 15 September 2008.

Review of operations

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

Significant changes in the state of affairs

The Sub-lease to QSL terminated on 30 June 2008. In June 2008, it was agreed with QSL that QSL will occupy the terminals on the basis of a monthly tenancy terminable by either party on one months notice in writing to the other and otherwise on the same terms and conditions as the Sub-lease which terminated on 30 June 2008. The month to month tenancy will continue (unless terminated) pending the outcome of discussions with QSL regarding long term arrangements for the terminals.

In April 2008, directors appointed an agent to sell the Brisbane terminal.

Matters subsequent to the end of the financial year

On 15 July 2008, a contract was signed for the sale of the Brisbane terminal property for \$40 million. The contract is subject to a number of conditions which are unlikely to be satisfied before mid October. Settlement is not due until 15 December 2008.

Except as stated above, no matter or circumstance has arisen since 30 June 2008 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

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

Discussions with QSL regarding long term arrangements for the terminals will continue.

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

Mark R Day

Qualifications and Experience

Bachelor of Applied Science (Mathematics). Executive General Manager Sugar Mills, CSR Limited. Director: Australian Sugar Milling Council Pty Ltd, Australian Sugar Industry Alliance Ltd and a number of wholly owned subsidiaries of CSR 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

John J Grasso

Qualifications and Experience

Dip FS(FP). Management of family cane farm, commercial leasing business and Grasso Financial Services.

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

207,490 "G" class shares in Sugar Terminals Limited

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. Chairman Northern 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.

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 2008, 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	11	11	*	*
Mark R Day	12	12	3	3
John J Grasso	12	10	*	*
Stephen Guazzo	12	12	3	3
James F Hesp	12	12	*	*

* MD Brown, JJ Grasso and JF Hesp are not members of the Audit and Risk Committee.

Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

A 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 2007.

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.

The following fees have applied:

	From 1 July 2007	From 1 July 2006 to 30 June 2007
Chairman	67,400	66,000
Other non-executive directors	24,500	24,000

Retirement Allowances for Directors

Non-executive directors are not entitled to retirement allowances.

Executive pay

The executive pay and reward framework has two 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.

B 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.

The cash bonuses are dependent on performance conditions as set out in the sections headed *Short-term incentives* above.

Key management personnel of Sugar Terminals Limited

2008	Short-term employee benefits		Post-employment benefits	Shared-based payment	Total
	Cash salary and fees	Cash bonus	Superannuation	Options	
Name	\$	\$	\$	\$	\$
<i>Non-executive directors</i>					
MD Brown (Chairman)	-	-	73,466	-	73,466
MR Day	24,500	-	-	-	24,500
JJ Grasso	24,500	-	2,205	-	26,705
S Guazzo	24,500	-	2,205	-	26,705
JF Hesp	-	-	26,705	-	26,705
Sub total non-executive directors	73,500	-	104,581	-	178,081
Other key management personnel					
RB Farquhar	87,300	-	100,000	-	187,300
Total	160,800	-	204,581	-	365,381

2007	Short-term employee benefits		Post-employment benefits	Shared-based payment	Total
	Cash salary and fees	Cash bonus	Superannuation	Options	
Name	\$	\$	\$	\$	\$
<i>Non-executive directors</i>					
MD Brown (chairman)	33,000	-	38,940	-	71,940
MR Day	24,000	-	-	-	24,000
JJ Grasso	24,000	-	2,160	-	26,160
S Guazzo	24,000	-	2,160	-	26,160
JF Hesp	12,000	-	14,160	-	26,160
Sub total non-executive directors	117,000	-	57,420	-	174,420
Other key management personnel					
RB Farquhar	71,300	-	100,000	-	171,300
Total	188,300	-	157,420	-	345,720

C Service agreements

The Company does not have any service agreements with key management personnel.

D 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.

E Additional Information*Loans to directors and executives*

There are no loans to directors or executives.

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

There is no relationship between executive reward and company performance.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and 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:

Assurance services

PricewaterhouseCoopers Australian firm:

Audit and review of financial reports and other audit work under the *Corporations Act 2001*

- Half year review

- Year end audit

2008

\$

2007

\$

21,200

20,000

47,700

45,050

68,900

65,050

Total remuneration for assurance services

Non-audit services

PricewaterhouseCoopers Australian firm:

Advise on income tax implications of the proposed sale of the Brisbane terminal

Advice on capital return and related issues

Other services

3,565

-

9,750

6,500

-

870

13,315

7,370

Total remuneration for taxation services

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
- 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

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

<u>Shareholder</u>	<u>Number of Shares</u>
Queensland Sugar Limited	19,775,021
Anthoan Pty Ltd	11,515,155
MSF Investments Pty Ltd	11,494,226
The Maryborough Sugar Factory Limited	11,336,551
Mr Constantine Christofides & Mr Constantine Christofides <CCJA Christofides Bros A/C>	2,214,076
CSR Limited	1,111,343
Jaswel Pty Ltd <The Jaswel Family A/C>	864,987
Isis Central Sugar Mill Co Ltd	521,548
Cvjetanovic Enterprises Pty Ltd	446,680
Ochquasy Pty Limited <Josh Roncato A/C>	431,235

'M' class shareholders

<u>Shareholder</u>	<u>Number of Shares</u>
CSR Limited	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	2,270,124
W H Heck & Sons Pty Limited	1,570,111

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*.

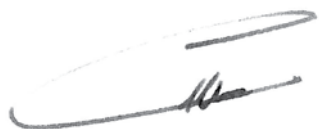
This report is made in accordance with a resolution of the directors.



MD Brown
Brisbane
11 September 2008



S Guazzo
Brisbane
11 September 2008



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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
North Podium Level, Mincom Central
192 Ann Street
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 11 September 2008. The Company has the power to amend and reissue the financial report.

Income Statement

For the year ended 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Revenue from continuing operations	5	50,283	49,965
Depreciation expense	6	(11,063)	(11,173)
Professional fees expense		(931)	(319)
Insurance expense		(1,028)	(1,174)
Finance costs	6	(556)	(1,321)
Other expenses		(622)	(543)
Profit before income tax		36,083	35,435
Income tax expense	7	(10,972)	(10,777)
Profit attributable to members of Sugar Terminals Limited	19	25,111	24,658

		2008 Cents	2007 Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share	29	6.98	6.85

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

Balance Sheet

As at 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	4,709	13,322
Trade and other receivables	9	425	16
Other	10	96	193
		5,230	13,531
Non-current assets classified as held for sale	11	7,676	-
Total current assets		12,906	13,531
Non-current assets			
Investment properties	12	343,977	359,982
Other	13	-	60
Total non-current assets		343,977	360,042
Total assets		356,883	373,573
LIABILITIES			
Current liabilities			
Trade and other payables	14	3,301	4,676
Borrowings	15	-	11,250
Current tax liabilities	16	2,943	3,540
Total current liabilities		6,244	19,466
Non-current liabilities			
Deferred tax liabilities	17	6,123	5,902
Total non-current liabilities		6,123	5,902
Total liabilities		12,367	25,368
Net assets		344,516	348,205
EQUITY			
Contributed equity	18	330,228	330,228
Retained profits	19	14,288	17,977
Total equity		344,516	348,205

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

Statement of changes in equity

For the year ended 30 JUNE 2008

	2008 \$'000	2007 \$'000
Total equity at the beginning of the financial year	348,205	355,947
Profit attributable to members of Sugar Terminals Limited	25,111	24,658
	373,316	380,605
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid (Note 20)	(28,800)	(32,400)
Total equity at the end of the year	344,516	348,205
Total recognised income and expenses for the year attributable to the members of Sugar Terminals Limited	25,111	24,658

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

Cash Flow Statement

For the year ended 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		54,302	54,194
Payments to suppliers and employees (inclusive of goods and services tax)		(7,382)	(6,906)
		46,920	47,288
Interest received		595	797
Finance costs paid		(303)	(1,060)
Income taxes paid		(11,348)	(10,236)
Net cash inflow from operating activities	28	35,864	36,789
Cash flows from investing activities			
Payments for investment properties		(4,427)	(1,664)
Proceeds from sale of investment properties		-	1,250
Net cash (outflow) from investing activities		(4,427)	(414)
Cash flows from financing activities			
Repayment of borrowings		(11,250)	(11,250)
Dividends paid to Company's shareholders		(28,800)	(32,400)
Net cash (outflow) from financing activities		(40,050)	(43,650)
Net (decrease) increase in cash and cash equivalents		(8,613)	(7,275)
Cash and cash equivalents at the beginning of the financial year		13,322	20,597
Cash and cash equivalents at the end of the financial year	8	4,709	13,322

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

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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

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Sugar Terminals Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Sub-lease to Queensland Sugar Ltd (QSL)

As previously reported, the sub-lease of the terminals to QSL terminated on 30 June 2008. From 1 July 2008, QSL will occupy the terminals on the basis of a monthly tenancy terminable by either party on one month's notice in writing to the other and otherwise on the same terms and conditions as the sub-lease which terminated on 30 June 2008.

The month to month tenancy will continue (unless terminated) pending the outcome of discussions between the company and QSL regarding long term arrangements for the terminals. Discussions have commenced following the restructure of QSL.

Director's are of the opinion that the company will be able to pay its debts as and when they fall due in the foreseeable future.

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.

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.

(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, investment property and non-current biological assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(j) Investment property

Investment property is shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Leasehold land is not depreciated. 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.

(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 2008 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, AASB 138 and Interpretations 1 & 12)*

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalization of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Company, as the Company already capitalises borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Company intends to apply the revised standard from 1 July 2009.

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

	2008 \$'000	2007 \$'000
Floating rate		
Expiring within one year	3,000	-
(bank overdraft)		

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.

Note 5 Revenue

	2008	2007
	\$'000	\$'000
Revenue from continuing operations		
Rental revenue	49,688	48,983
	49,688	48,983
Other revenue		
Interest revenue	595	797
Other revenue	-	185
	595	982
	50,283	49,965

Note 6 Expenses

	2008	2007
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
Expenses		
Depreciation		
Investment properties	11,063	11,173
Total depreciation	11,063	11,173
Finance costs		
Interest and finance charges paid/payable	495	1,247
Amortisation of capitalised finance costs	61	74
Finance costs expensed	556	1,321
Net loss on disposal of investment properties	30	27
Defined contributions superannuation expense	205	157

Note 7 Income tax expense

	2008	2007
	\$'000	\$'000
(a) Income tax expense		
Current taxation	10,750	10,440
Deferred tax	222	337
	10,972	10,777

Deferred income tax expenses included in income tax expense comprises:

	2008	2007
	\$'000	\$'000
Increase in deferred tax liabilities	222	337
	222	337

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

Profit from continuing operations before income tax expense	36,083	35,435
Income tax calculated at the Australian tax rate of 30% (2007 – 30%)	10,825	10,630
Tax effect of permanent differences:		
Non-deductible depreciation	152	152
Sundry items	(5)	(5)
Income tax expense	10,972	10,777

Note 8 Current assets – Cash and cash equivalents

	2008	2007
	\$'000	\$'000
Cash at bank and on hand	4,709	13,322
	4,709	13,322

(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	4,709	13,322
Balances per cash flow statement	4,709	13,322

(b) Cash at bank and on hand

Cash at bank bears a floating interest rate of 6.75% (2007 – 5.75%).

(c) Interest rate risk exposure

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

Note 9 Current assets – Trade and other receivables

	2008	2007
	\$'000	\$'000
Trade receivables	377	-
Other receivables	48	16
	425	16

(a) Past due but not impaired

Trade receivables include a debt of \$336,000 which is past due but not impaired

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 10 Current assets – Other

	2008	2007
	\$'000	\$'000
Prepayments	96	193
	96	193

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

	2008	2007
	\$'000	\$'000
Brisbane Terminal	7,676	-

In April 2008, directors appointed an agent to sell the Brisbane terminal. On 15 July 2008, a contract was signed for the sale of the property for \$40 million. The contract is subject to a number of conditions which are unlikely to be satisfied before mid October. Settlement is not due until 15 December 2008.

Note 12 Non-current assets – Investment properties

	Leasehold Land	Buildings, Plant and Equipment	Total
	\$'000	\$'000	\$'000
Year ended 30 June 2008			
Opening net book amount	15,788	344,194	359,982
Additions	927	1,837	2,764
Assets classified as held for sale and other disposals	(3,777)	(3,929)	(7,706)
Depreciation charge	-	(11,063)	(11,063)
Closing net book amount	12,938	331,039	343,977
At 30 June 2007			
Cost	12,938	413,922	426,860
Accumulated depreciation	-	(82,883)	(82,883)
Net book amount	12,938	331,039	343,977

	Leasehold Land \$'000	Buildings, Plant and Equipment \$'000	Total \$'000
At 1 July 2006			
Cost	16,975	415,676	432,651
Accumulated depreciation	-	(61,465)	(61,465)
Net book amount	16,975	354,211	371,186
Year ended 30 June 2007			
Opening net book amount	16,975	354,211	371,186
Additions	-	1,246	1,246
Disposals	(1,187)	(90)	(1,277)
Depreciation charge	-	(11,173)	(11,173)
Closing net book amount	15,788	344,194	359,982
At 30 June 2007			
Cost	15,788	416,816	432,604
Accumulated depreciation	-	(72,622)	(72,622)
Net book amount	15,788	344,194	359,982

Details of investment properties pledged as security are set out in Note 15.
Rental revenue derived from investment properties is included in Note 5.

(a) Amounts recognised in the profit and loss for investment property

	2008 \$'000	2007 \$'000
Direct operating expenses, including depreciation, from property that generated rental income	12,004	12,343
Direct operating expenses from property that did not generate rental income	122	-

(b) Leasing arrangements

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

The Sub-lease to QSL terminated on 30 June 2008. In June 2008, it was agreed with QSL that QSL will occupy the terminals on the basis of a monthly tenancy terminable by either party on one months notice in writing to the other and otherwise on the same terms and conditions as the Sub-lease which terminated on 30 June 2008. The month to month tenancy will continue (unless terminated) pending the outcome of discussions with QSL regarding long term arrangements for the terminals. Discussions are continuing with QSL in relation to this matter and the board is confident that the industry will require tenure in the terminals well beyond 2008.

Inclusive of the Sub-lease extension to 30 June 2008 referred to above, the minimum lease payments receivable on leases of investment properties are as follows:

	2008 \$'000	2007 \$'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	-	49,688
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

(c) Fair value

The fair value of investment properties at 30 June 2008 was \$409 million. This value has been determined 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.

Note 13 Non-current assets – Other

	2008	2007
	\$'000	\$'000
Borrowing costs	-	60

Note 14 Current liabilities – Trade and other payables

	2008	2007
	\$'000	\$'000
Trade payables	845	990
Other payables	2,456	3,686
	3,301	4,676

Note 15 Current liabilities – Borrowings

	2008	2007
	\$'000	\$'000
Secured		
Bills payable	-	11,250
	-	11,250

(a) Bills payable

Bills have been drawn in terms of a Bank Facility Agreement which expired in June 2008.

The bank bill facility is secured by:

- Mortgages of leases of areas A and B land at Townsville.
- Fixed charge over the Company's assets at Townsville.
- Fixed and floating charge over all of the Company's assets and undertaking, excluding its interests in the leases and sub-leases of land at the ports of Cairns, Mourilyan, Lucinda, Bundaberg, Brisbane and Mackay.

Note 16 Current liabilities – Current tax liabilities

	2008	2007
	\$'000	\$'000
Income tax	2,943	3,540
	2,943	3,540

Note 17 Non-current liabilities – Deferred tax liabilities

	2008	2007
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Investment properties	6,123	5,902
	6,123	5,902
Movements:		
Opening balance at 1 July	5,902	5,565
Charged to the income statement	221	337
Closing balance at 30 June	6,123	5,902
Deferred tax liabilities to be settled after more than 12 months	6,123	5,902
Deferred tax liabilities to be settled within 12 months	-	-
	6,123	5,902

Note 18 Contributed equity

	2008	2007
	\$'000	\$'000
(a) Share capital		
Ordinary shares		
Fully paid	330,228	330,228
(b) Movements in ordinary share capital		
	2008	2007
	\$'000	\$'000
Opening balance	330,228	330,228
Movement	-	-
Closing balance	330,228	330,228
(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 2008 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>
	<u>360,000,000</u>

During the year ended 30 June 2008, there were no movements in the total number of ordinary shares on issue.

Note 19 Retained profits

	2008	2007
	\$'000	\$'000
Movements in retained profits were as follows:		
Retained profits		
Balance at 1 July	17,977	25,719
Profit attributable to members of Sugar Terminals Limited	25,111	24,658
Dividends provided for or paid	(28,800)	(32,400)
Balance at 30 June	14,288	17,977

Note 20 Dividends

	2008	2007
	\$'000	\$'000
Ordinary shares		
Final dividend for the year ended 30 June 2007 of 4 cents (2006 – 6 cents) per share paid on 27 September 2007.		
Fully franked based on tax paid at 30%	14,400	21,600
Interim dividend for the year ended 30 June 2008 of 4 cents (2007 – 3 cents) per share paid on 31 March 2008 .		
Fully franked based on tax paid at 30%	14,400	10,800
	28,800	32,400

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have determined that a final dividend of 3.9 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 \$14.04 million out of retained profits at 30 June 2008, but is not recognised as a liability at year end.

Franked dividends

The franked portions of the final dividend recommended after 30 June 2008 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 2009.

	2008	2007
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)	2,650	4,212

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
- 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 \$6,017,143 (2007: \$6,171,428).

Note 21 Key management personnel disclosures**(a) Directors**

The following persons were directors of Sugar Terminals Limited during the financial year:

Chairman – Non-executive

M D Brown

Non-executive directors

M R Day

J J Grasso

S Guazzo

J F Hesp

(b) Other key management personnel

The Company has only one executive:

Name	Position
R B Farquhar	General Manager and Company Secretary

(c) Key management personnel compensation

	2008	2007
	\$'000	\$'000
Short-term employee benefits	160,800	188,300
Post-employment benefits	204,581	157,420
Share based payments	-	-
	365,381	345,720

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Director's Report. The relevant information can be found in Sections A to D of the Remuneration Report on pages 8 to 10.

(d) 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.

(e) Other transactions with key management personnel

	Held at 30 June 2007	Purchases	Other changes during the year	Held at 30 June 2008
J J Grasso	447,490	-	240,000	207,490
S Guazzo	256,020	-	-	256,020
J F Hesp	262,655	-	-	262,655

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 2009. 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:

	2008	2007
	\$'000	\$'000
Amounts recognised as expense		
Services provided by Australia Sugar Milling Council Pty Limited.	84	80

Note 22 Remuneration of auditors

	2008	2007
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		

(a) Assurance services

PricewaterhouseCoopers – Australian firm

Audit and review of financial reports and other audit work under the *Corporations Act 2001*.

Total remuneration for assurance services

68,900	65,050
68,900	65,050

(b) Taxation services

PricewaterhouseCoopers – Australian firm

Advice on the income tax implications of the proposed sale of the Brisbane terminal

Advice on capital return and related issues

Other services

3565	-
9750	6,500
-	870
13,315	7,370

Note 23 Contingent liabilities

The claim by the Walter Construction Group (Walter) referred to in previous annual reports is no longer considered to be a contingent liability as Walter is in liquidation and the likelihood of the claim proceeding is remote.

The company does not have any contingent liabilities

Note 24 Commitments

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

Note 25 Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in Note 21.

Note 26 Economic dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2008, 99% (2007 – 98%) of the Company's revenue was sourced from QSL under the Company's Sub-lease agreement with that company.

Note 27 Events occurring after the balance sheet date

On 15 July 2008, a contract was signed for the sale of the Brisbane terminal property for \$40 million. The contract is subject to a number of conditions which are unlikely to be satisfied before mid October. Settlement is not due until 15 December 2008.

Except as stated above, there were no significant events occurring after the balance sheet date.

Note 28 Reconciliation of profit after income tax to net cash inflow from operating activities

	2008	2007
	\$'000	\$'000
Profit for the year	25,111	24,658
Depreciation	11,063	11,173
Net loss (gain) on disposal of non-current assets	29	27
Decrease (increase) in trade and other receivables	(409)	(10)
Decrease (increase) in prepayments	97	187
Decrease (increase) in other non-current assets	60	74
Increase (decrease) in trade and other payables	289	139
Increase (decrease) in current tax liabilities	(597)	204
Increase (decrease) in deferred tax liabilities	221	337
Net cash inflow from operating activities	35,864	36,789

Note 29 Earnings per share

	2008	2007
	Cents	Cents
(a) Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	6.98	6.85
Profit attributable to the ordinary equity holders of the Company	6.98	6.85
	2008	2007
	\$'000	\$'000
(b) Reconciliation of earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Profit from continuing operations	25,111	24,658
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	25,111	24,658
	2008	2007
	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 18).	360,000,000	360,000,000

In the directors' opinion:

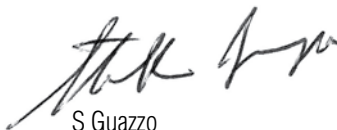
- (a) the financial statements and notes set out on pages 15 to 34 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2008 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; and
- (c) the remuneration disclosures set out on pages 8 to 10 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

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
11 September 2008



S Guazzo
Director
Brisbane
11 September 2008

PriceWaterhouseCoopers



Annual General Meeting

The Annual General meeting of Sugar Terminals Limited will be held on Thursday 23 October 2008 at the offices of Queensland Sugar Ltd:

North Podium Level
Mincom Central
192 Ann Street
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.

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: 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

Web site: www.sugarterminals.com.au

Solicitors

Clayton Utz
GPO Box 55
Brisbane Qld 4001

Auditors

PricewaterhouseCoopers
GPO Box 150
Brisbane Qld 4001

Bankers

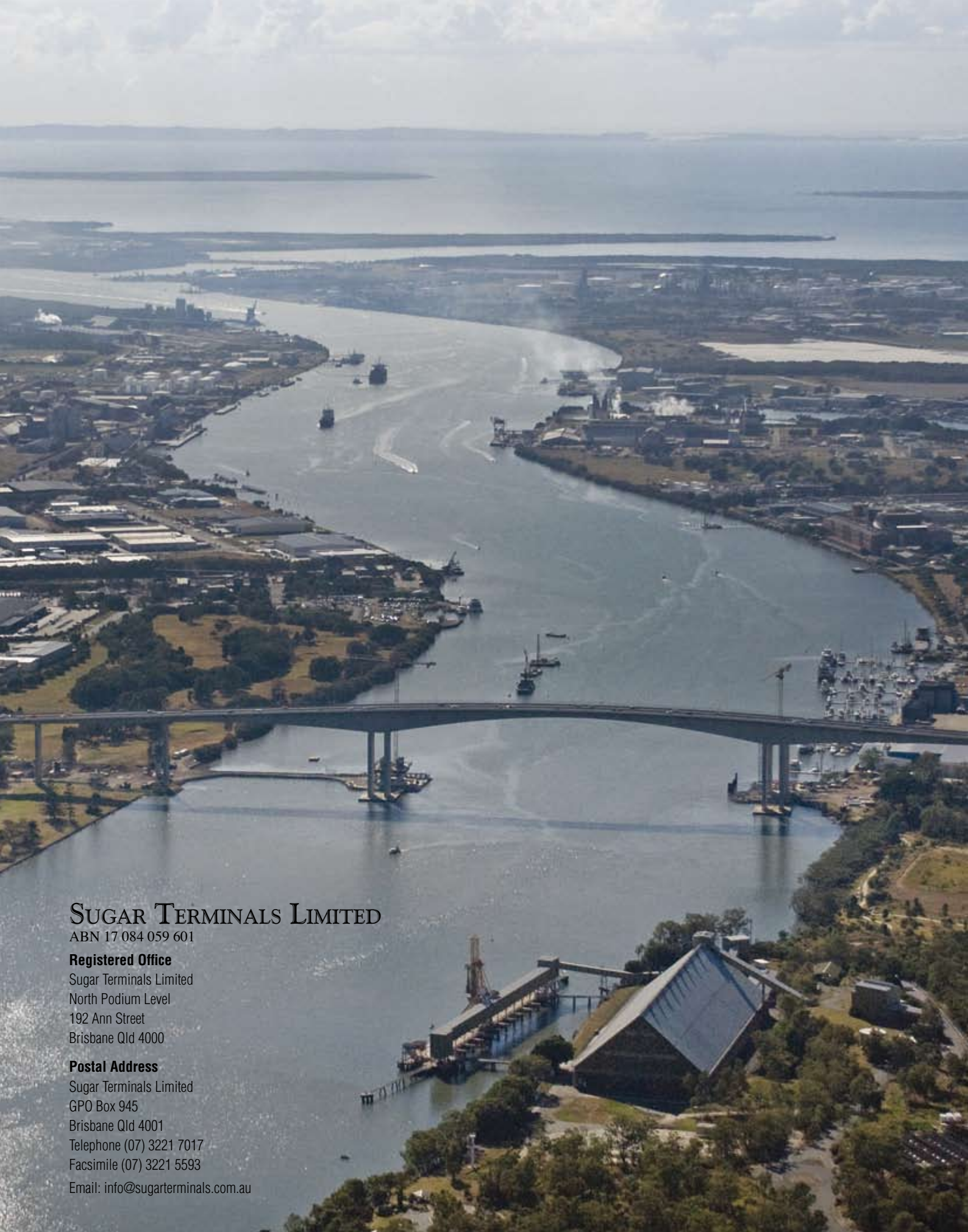
National Australia Bank
Capital Office
Ground Floor/308-322 Queen Street
Brisbane Qld 4000

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

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North Podium Level
192 Ann Street
Brisbane Qld 4000

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