2016 – 2017
Annual Report

Sugar Terminals Limited

About STL

Sugar Terminals Limited (STL, NSX: SUG) owns and manages the operation of six bulk sugar terminals in Queensland, which provide vital infrastructure for the Queensland sugar industry.

STL handles on average up to 90% of the raw sugar produced in Australia each year, through its assets at the ports of Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg, with over 90% of this raw sugar exported.

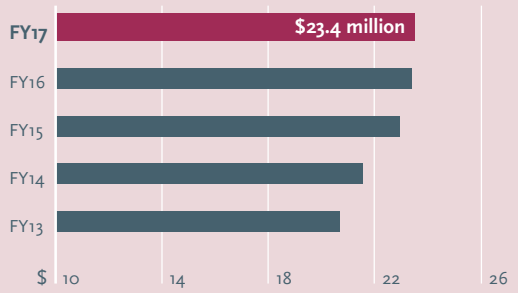
From 1 July 2017, STL changed its business model in response to fundamental changes in the Queensland sugar industry. As a result, STL now contracts directly with customers for its storage and handling services and has engaged Queensland Sugar Limited (QSL) as its key contractor under a long-term operating agreement.

STL is a public Company owned by Queensland sugar industry grower and miller shareholders, with the grower shares listed on the National Stock Exchange of Australia (NSX).

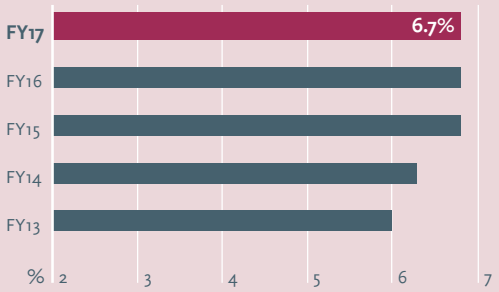
CONTENTS

2016 – 2017
Performance

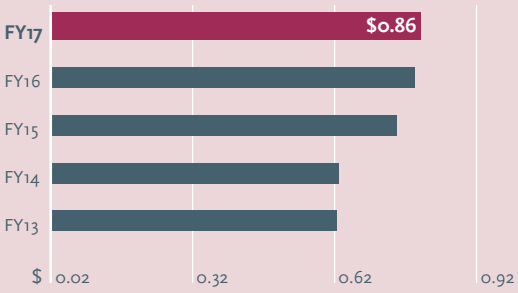
NET PROFIT AFTER TAX
($ millions)



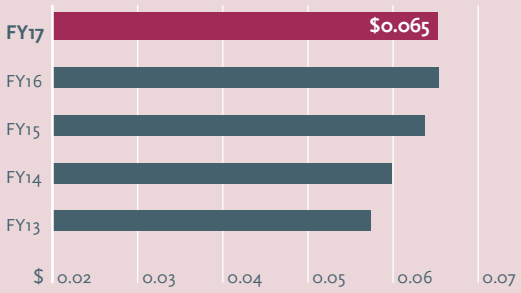
RETURN ON ASSETS
(%)



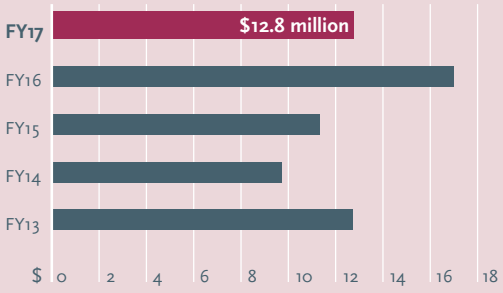
SHARE PRICE (NSX: SUG)
($)



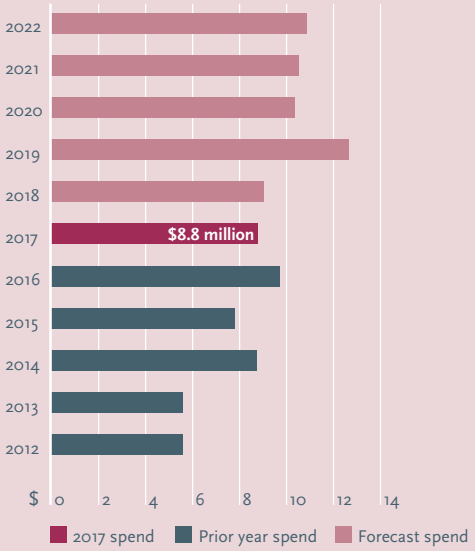
EARNINGS PER SHARE
($)

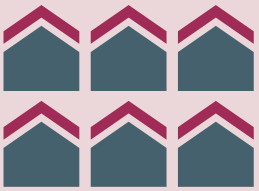


CAPITAL INVESTMENT
($ millions)



ROOF REPLACEMENT INVESTMENT
($ millions)





92,116m²

RE-ROOFING COMPLETED SINCE 2012

Once completed the project will have re-roofed an area equivalent to roughly 23 football fields.

Message from our Chairman and CEO

It is with great pleasure that we present to you our first message to shareholders as the new Chairman and CEO of STL.

1

DELIVERING VALUE

STL was created in 2000 to serve the needs of Queensland's sugar industry. Over the last 17 years, your Company has provided reliable, high-quality infrastructure that has underpinned Queensland's reputation for world-class raw sugar storage and export capabilities. In doing so, your Company has invested over $150 million in upgrading its assets and is now undertaking a $100 million roof replacement program, which is over 45% completed.

We may have only recently joined your Company, but this much is clear: STL is an essential business, delivering real value to the sugar industry and shareholders.

Sugar Terminals Limited is an essential business, delivering real value to the sugar industry and shareholders.

A WATERSHED YEAR

2017 was a defining year for STL. After extensive consultation and negotiation with our key stakeholders, the business has transitioned from landlord to infrastructure services provider. This significant change was made in response to the introduction of Grower Choice legislation and decisions by major millers to market export sugar independently from 1 July 2017.

STL now has a direct role in the management of its bulk sugar terminals. Specifically, STL has terminated the Sublease agreement with its long-term tenant, QSL and, instead, has engaged QSL as its key operations contractor under a five-year contract. We would like to acknowledge the efforts of QSL in operating the terminals over the past year and recognise its excellent safety performance, which saw the business remain injury free for the full 12 months.

To address concerns about any conflicts of interest, STL also assumed responsibility for terminal access and agreed one-year storage and handling agreements with all of our customers in June. These initial agreements were designed to bridge the transition period in implementing the new business model, and lay a foundation for longer-term agreements to provide operational and financial stability for the Queensland sugar industry.

UNDERLYING FINANCIAL STRENGTH

The financial result for the year was a net profit after tax of $23.4 million, which represents a marginal (0.2%) increase on the prior year. While there was a $2.4 million increase in revenue, in accordance with the QSL Sublease agreement, this was largely offset by additional expenditure on advisory costs to facilitate the transition to the new operating model from 1 July 2017.

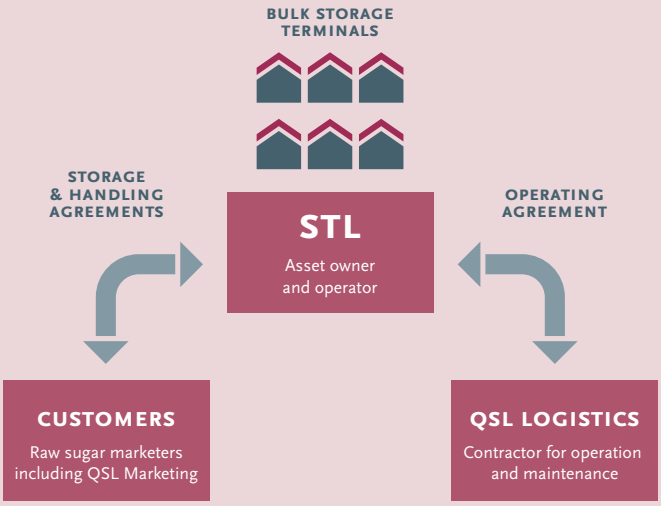
The Company remains in a sound financial position and was free of debt at 30 June 2017. STL's return on assets was 6.7% in 2016/17, which is in line with the previous year and represents a continuation of stable and reliable returns for shareholders, whilst enabling capital investment to upgrade the quality of our assets.

EXPERIENCED PEOPLE DRIVING CHANGE

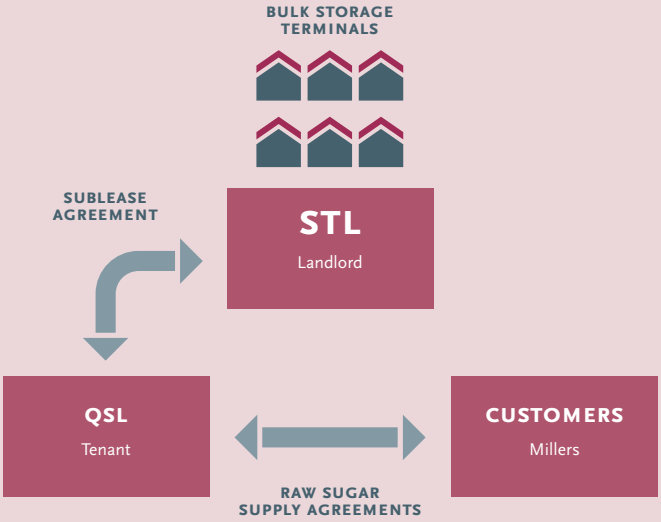
Over the last 12 months, there have been changes to STL's team to ensure the business is able to address the challenges of the market environment post 1 July 2017, especially the increased responsibilities and risks associated with the new business model. The business has a new independent Chairman, an additional independent Director and new senior executives to oversee the transition process and deliver positive outcomes for our customers and our shareholders. We are confident that our people have the necessary skills and experience to manage the Company's transition from asset owner to world-class infrastructure service provider.

Continued on page 4

Business model from 1 July 2017



Business model before 1 July 2017



2

3

1. CEO John Warda and Chairman Mark Gray inspecting the Mackay BST.
2. Tully Sugar's Chairman Madame Yang Hong (Holly), Deputy Chairman Dick Camilleri, Rob Imray and Nathan Holmes with STL CEO John Warda inspecting the first Tully Sugar cargo loaded at the Mourilyan BST.
3. Chairman Mark Gray during a tour at MSF's Maryborough sugar mill.

This is an exciting time for STL. The new operating environment creates opportunities to improve the infrastructure and services we provide to our customers.

The Board and management of STL worked tirelessly to prepare STL for its new role in the Queensland sugar industry. The resulting business model is a culmination of two years of intensive work by the Company.

We would like to recognise STL's former Chairman Stuart Gregory for his seven years of service to the Company. Stuart's six-year tenure as Chairman included a period of significant change for the Queensland sugar industry and for STL. He has provided strong leadership of the Company during this time and has continued to provide valuable counsel to the Board as a non-executive Director since stepping down from the role of Chairman in March 2017.

We would also like to thank our former General Manager and Company Secretary, Peter Trimble, for his outstanding efforts and commitment in managing our transition to the new business model. We wish him well in his future endeavours.

2018 AND BEYOND

This is an exciting time for STL. The new operating environment creates opportunities to improve the infrastructure and services we provide to our customers.

In 2018, STL will actively pursue opportunities to enhance the competitiveness of the sugar industry. We will also work with our customers to establish longer-term agreements which provide ongoing stability and reliability in our storage and handling services.

Importantly, we will continue to engage with customers and shareholders on a regular basis, as we have already done in recent months. We look forward to seeing many new and familiar faces during 2018.

Mark Gray
Chairman

John Warda
CEO

1

1. Inspecting the roof replacement progress at Cairns BST – CEO John Warda, Ranbury site representative Warren Clarke and QSL Terminal Manager Dean O'Brien.
2. Bundaberg BST. L-R: Trevor Barrett (QSL Terminal Planner/Supervisor), Mike Panke (QSL Terminal Manager), Sam Bonanno (STL Director), Mark Gray (STL Chairman), Lloyd Taylor (Canegrowers Isis Manager/Company Secretary), Peter McLennan (Canegrowers Isis Director), Mark Mammino (Canegrowers Isis Chairman), Peter Bolton (STL CFO) and Bob McDougall (QSL Terminal Planner/Supervisor).
3. CEO John Warda, Chairman Mark Gray and Director Sam Bonanno during a tour of Isis Central Sugar Mill with their Chairman Peter Russo, CEO John Gorringe and wider team.
4. Shiploader at Lucinda BST.
5. Sam Bonanno, Mark Gray and John Warda meeting with Bundaberg Sugar CEO Guy Basille at the Bundaberg Sugar Refinery.

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4

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5

Board and management

STL expanded its team during the year to ensure the business was positioned to assume the increased responsibilities and risks of its new business model.

Two additional independent Directors joined the business in March 2017 bringing the total number of Directors to seven. Long-serving Chairman Stuart Gregory stepped down from the role in March 2017 to make way for the appointment of Mark Gray as Chairman but remained an independent non-executive Director. Stuart was appointed as Chairman of the Company's Finance & Audit Committee in March 2017.

In April 2017, John Warda joined STL as its new Chief Executive Officer and Peter Bolton joined as the new Chief Financial Officer. Peter was appointed Company Secretary in May 2017.

BOARD OF DIRECTORS

(ALAN) MARK GRAY
INDEPENDENT
NON-EXECUTIVE CHAIRMAN

APPOINTED 7 MARCH 2017

Mark's career spans more than 40 years and encompasses an impressive array of senior executive and Board appointments. He has served in executive roles in government and private sector organisations, including as Under Treasurer of the Queensland Treasury Department, Chief Executive Officer of the Queensland Competition Authority and the Queensland Independent Commission of Audit, Office Head at Macquarie Group and Executive Director with BDO. Mark is currently the Chairman (Queensland Section) and a Director (Federation Board) of the Royal Flying Doctor Service of Australia. He is also a non-executive Director of Data#3 and Queensland Cricket, and a member of the Councils of Griffith University and Brisbane Boys' College. He holds a Bachelor of Economics (First Class Honours) from the University of Queensland, where he is also an Adjunct Professor of Economics. He is a Senior Fellow with the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

SAM (SALVATORE) BONANNO
INDEPENDENT
NON-EXECUTIVE DIRECTOR

APPOINTED 7 MARCH 2017

Sam is an independent management consultant specialising in ports, logistics, infrastructure and mining operations. With more than 35 years' experience in Australia and overseas, his roles encompassed strategic planning and implementation, business planning, commercial negotiations, operations management, asset management, project management, minerals processing and bulk supply chain management. He has a Bachelor of Engineering (Mechanical) from Central Queensland University, an Advanced Diploma in Business Management from the Australian Institute of Management, and has completed the Supply Chain Management residential program at Stanford University, USA. Sam is a member of the Institute of Engineers and the Australian Institute of Company Directors. Sam is the Chairman of the STL Safety, Health, Environment & Risk Committee.

STUART GREGORY
INDEPENDENT
NON-EXECUTIVE DIRECTOR

APPOINTED 13 AUGUST 2010

Stuart served as the Company's Chairman from October 2010 until 7 March 2017. He is an experienced company Director with broad experience in professional services, investment banking, manufacturing and agribusiness. He holds a Bachelor of Commerce (Hons) and is a Certified Practicing Accountant (CPA) as well as a Member Australian Institute of Company Directors. Stuart is a Director of Australian Food & Fibre Ltd, Brisbane Housing Company Ltd and Catalyst Affordable Housing Ltd. Stuart is Chairman of the STL Finance & Audit Committee.

CONSTANTINE CHRISTOFIDES

NON-EXECUTIVE INDUSTRY DIRECTOR (GROWER ELECTED)

APPOINTED 30 OCTOBER 2009

In addition to managing his family's cane farms in the Burdekin region of North Queensland, Con is also a Director and trustee of various private companies, including South Burdekin Community Financial Services Ltd. He is a member of STL's Finance & Audit Committee.

IAN DAVIES

NON-EXECUTIVE INDUSTRY DIRECTOR (MILLER ELECTED)

APPOINTED 20 OCTOBER 2016

Ian is General Manager of Wilmar Sugar Australia's agricultural operations, accountable for the Company's farming operations, research and development, and for technical advice to Wilmar's overseas sugar plantations. His previous experience has included management roles in a range of industries including finance, supply chain and logistics, sugar and cotton. Ian holds a Bachelor of Applied Science (Rural Technology) as well as postgraduate qualifications in management. He is also a Graduate member of the Australian Institute of Company Directors. Ian is a member of the Company's Finance & Audit Committee and Safety, Health, Environment & Risk Committee.

SHAYNE RUTHERFORD

NON-EXECUTIVE INDUSTRY DIRECTOR (MILLER ELECTED)

APPOINTED 28 OCTOBER 2011

Shayne is Executive General Manager, Strategy & Business Development and Executive Director, Wilmar Sugar Australia Ltd and is also a Director of the Australian Sugar Milling Council Pty Ltd. He has expertise in strategy, mergers and acquisitions, and project development with experience in a broad range of industries including agribusiness, oil and gas, manufacturing, consulting and petrochemicals. Shayne holds a Bachelor of Engineering (Mechanical) (Hons 1) and an MBA. He is also a Graduate member of the Australian Institute of Company Directors.

DREW (DONALD) WATSON

NON-EXECUTIVE INDUSTRY DIRECTOR (GROWER ELECTED)

APPOINTED 28 OCTOBER 2011

Drew is the Manager and Director of a 500-hectare cane farm in Far North Queensland and Chairman of Canegrowers Mossman. He also represents cane growers in the Mossman district on the Canegrowers Queensland Policy Council. Drew has been an elected member of the Canegrowers Mossman Committee for 14 years and a Director since 2001.

ANDREW S CAPPELLO

NON-EXECUTIVE INDUSTRY DIRECTOR (MILLER ELECTED)

APPOINTED 29 OCTOBER 2010 AND CEASED BEING A DIRECTOR ON 20 OCTOBER 2016

Andrew is the Chairman of Mackay Sugar Ltd and Pioneer Valley Water Co-operative. He is also a Director of Australian Sugar Milling Council Pty Ltd, Queensland Co-operative Federation, Sugar Australia Pty Ltd (Alternate), New Zealand Sugar Company (Alternate), Mackay Area Productivity Services Pty Ltd and Pioneer Valley Water Mutual. Andrew is also a Member of the Australian Institute of Company Directors and a former Director of the Australian National Committee for Irrigation and Drainage.

MANAGEMENT TEAM

JOHN WARDA

CHIEF EXECUTIVE OFFICER

APPOINTED 3 APRIL 2017

John is a highly experienced Senior Operations Executive and brings to the Company more than 40 years of experience in logistics and supply chain strategy, primarily in the agribusiness sector. In previous roles, he has managed the operations and maintenance of large port and storage infrastructure assets and in more recent years, has been accountable for developing supply chain assets for multi-national agribusinesses both in Australia and overseas. This has included delivering cost-effective solutions for the storage and handling of bulk commodities for the long-term benefit of industry.

PETER BOLTON

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

APPOINTED CFO ON 19 APRIL AND COMPANY SECRETARY ON 25 MAY 2017

Peter has over 20 years' experience in large-scale commercial enterprises in Australia and internationally. Prior to joining STL, Peter held roles as Chief Operating Officer and Group CFO at Amart Furniture and Barbeques Galore. Previously, he held senior finance roles with Woolworths, including a 2 year secondment to their joint venture in India. Peter is a CPA and holds a Masters of Management from the Macquarie Graduate School of Management, Bachelor's Degrees in Commerce and Arts from the University of Queensland and is a Graduate member of the Australian Institute of Company Directors.

PETER TRIMBLE

GENERAL MANAGER AND COMPANY SECRETARY

APPOINTED JULY 2015 AND CEASED EMPLOYMENT ON 31 JULY 2017

Peter is a finance executive with experience in public and private companies across a wide range of industries including building and construction products, sugar, aluminium, childcare and motorsport. He has extensive experience in accounting, finance, strategic planning, mergers and acquisitions, and business restructuring in both the United States and Australia. He holds a Bachelor of Commerce and is a CPA and Graduate member of the Australian Institute of Company Directors.

Corporate governance

GOVERNANCE

The Board of Directors is responsible for the overall direction of STL's business and affairs on behalf of the Company. In running STL for the benefit of all shareholders, the Board and management act within the framework of requirements, expectations and interests of customers and communities.

The Chairman oversees the conduct of the Board and its relations with shareholders and other stakeholders. He chairs Board meetings and general meetings of shareholders, and works closely with the Chief Executive Officer and Chief Financial Officer/Company Secretary.

The Company has a corporate governance manual, which is reviewed regularly to ensure that the Company complies with the corporate governance requirements of the NSX.

BOARD COMPOSITION

The Board of STL comprises seven members. In accordance with the STL constitution, G Class and M Class shareholders have equal representation on the Board, with two grower appointed Directors and two miller appointed Directors. In addition, STL has three independent Directors, including an independent Chairman.

INDEPENDENCE

All Directors are legally required to act in the best interests of STL. These obligations are openly discussed as a Board. A Director who has a material interest in a matter being considered at a Directors' meeting must not be present while the matter is being considered at the meeting or vote on the matter unless the rest of the Board have passed a consent resolution.

BOARD COMMITTEES

Major policy decisions are a matter for the Board as a whole. The Board has two standing committees: a Safety, Health, Environment & Risk Committee and a Finance & Audit Committee.

The Safety, Health, Environment & Risk Committee was established in August 2017 to monitor performance and oversee STL's strategic and operational approach to safety, health and environmental compliance. In addition, this Committee will ensure that the Company has an appropriate overall risk management framework in place to ensure key risks are identified and appropriately managed. The Committee will meet at least quarterly and is comprised of two Directors: Mr SG Bonanno (Chairman) and Mr IR Davies

The Finance & Audit Committee (formerly known as the Audit & Risk Committee) was in place for the full 12 months of the 2017 financial year. It was comprised of Directors Mr SC Gregory (Chairman), Mr CA Christofides and Mr IR Davies. The functions of the committee are to keep the following matters under review and report to the STL Board as appropriate:

- quality of external audits
- independence of external auditor
- scope of external audit
- scope of non-audit services performed by external auditor
- accounting procedures and reporting
- adequacy of accounting controls
- financial investment planning and reporting
- maintenance of records and minutes
- insurance of STL assets.

COMMUNICATION AND DISCLOSURE

STL is committed to providing timely, full and accurate disclosure and to keeping shareholders informed. The Company posts regular releases to the NSX and its website, including annual and half-yearly reports. All material matters are disclosed to the NSX immediately, as required by NSX Listing Rules.

DIRECTORS

The following persons were Directors of STL during the whole of the financial year and up to the date of this report:

Mr Constantine A Christofides
Mr Stuart C Gregory
Mr Shayne W Rutherford
Mr Drew (Donald) A Watson

Mr (Alan) Mark Gray was appointed as a Director on 7 March 2017.

Mr Sam (Salvatore) G Bonanno was appointed as a Director on 7 March 2017.

Mr Ian R Davies was appointed as a Director on 20 October 2016.

Mr Andrew S Cappello ceased to be a Director on 20 October 2016.

Guiding principles

STL'S BOARD ESTABLISHED FIVE FUNDAMENTAL PRINCIPLES DURING THE YEAR TO GUIDE THE DEVELOPMENT OF THE COMPANY'S NEW BUSINESS MODEL:

- Open access that is transparent and conflict-free
- Equitable and compliant pricing and access terms
- Excellent service and cost control
- Long term asset preservation
- Responsiveness to risks and opportunities.

Directors' report

PRINCIPAL ACTIVITIES

During the year the principal 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 Sublease of the terminals to QSL.

As highlighted in the message from our Chairman and CEO, the principal activities of the business changed significantly as at 1 July 2017. The Company is now responsible for the operation of the bulk sugar terminals. The Company has in place contracts until 30 June 2018 to provide storage and handling services to each of the six raw sugar marketers. Discussions are underway to lock in long-term agreements in early 2018. In addition, contracts are in place for other non-sugar terminal users, for access to terminal assets and operations.

		Comparative financial information			
	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Revenue from continuing operations	**51,081**	48,689	47,023	45,391	43,899
Profit attributable to shareholders	**23,419**	23,360	22,930	21,554	20,684
BALANCE SHEET					
Current assets	**18,157**	18,887	24,386	18,880	20,578
Non-current assets	**329,492**	328,888	323,738	323,840	325,836
Current liabilities	**(8,800)**	(10,368)	(12,551)	(8,746)	(12,830)
Non-current liabilities	**(9,050)**	(8,347)	(7,552)	(6,923)	(6,487)
Net assets	**329,799**	329,061	328,021	327,051	327,097

DIVIDENDS – SUGAR TERMINALS LIMITED

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

	2017 $'000	2016 $'000
Final dividend for the year ended 30 June 2016 of 3.1 cents per share (2016 – 3.1 cents per share), fully franked based on tax paid of 30%, paid on 30 September 2016.	**11,160**	11,160
Interim dividend for the year ended 30 June 2017 of 3.2 cents per share (2016 – 3.1 cents per share), fully franked based on tax paid of 30%, paid on 31 March 2017.	**11,520**	11,160
	22,680	22,320

On 17 August 2017, the Directors determined that a final ordinary dividend of $11.52 million (3.2 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 29 September 2017 to shareholders whose names are recorded on the Register on 8 September 2017.

REVIEW OF OPERATIONS & SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

For the financial year ended 30 June 2017, 98% (2016 – 99%) of the Company's revenue was sourced from QSL under the Company's Sublease agreement with that Company.

Commencing 1 July 2017, approximately 99% of the Company's revenue will be sourced directly from raw sugar marketers. These are Bundaberg Sugar, MSF Marketing, Queensland Commodity Services, QSL, Tully Sugar and Wilmar Sugar Australia Trading. The revenue will be derived by two elements, availability (or access) charge and activity (or operations) charge. There will be no mark-up charged to customers for the cost of operating the terminals.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than those changes already discussed, no matter or circumstance has arisen since 30 June 2017 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.

ENVIRONMENTAL REGULATION

During the year, QSL took responsibility for the environmental impact of the Terminals and held the environmental licenses under the Environmental Protection Act 1994. From 1 July 2017, the Company takes responsibility for the environmental impact of the Terminals and holds, via the five year operating agreement with QSL, the environmental licences under the Environmental Protection Act 1994.

INFORMATION ON DIRECTORS

Information on Directors and is provided on page 6 and 7.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committees held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Committee Meetings Finance & Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Sam (Salvatore) G Bonanno	4	4	*	*
Andrew S Cappello	4	4	1	1
Constantine A Christofides	12	12	2	2
Ian R Davies	8	7	1	1
(Alan) Mark Gray	4	4	*	*
Stuart C Gregory	12	12	*	*
Shayne W Rutherford	12	12	*	*
Donald A Watson	12	12	*	*

*SG Bonanno, AM Gray, SW Rutherford and DA Watson are currently not members of the Finance & Audit Committee. SC Gregory was not a member of the Finance & Audit Committee at the time of the meetings in 2017.

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

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 are elected for a period of 3 years, and are subject to re-election for a maximum of 3 consecutive terms. No notice is required for termination.

Directors' fees

The Directors' remuneration is reviewed with effect from 1 July each year.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically subject to approval by shareholders. The maximum aggregate annual amount currently stands at $400,000 which was approved by shareholders in March 2017.

The following fees (inclusive of statutory superannuation) have applied:

	30 June 2017	**30 June 2016**
Chairman	$100,000	$90,776
Independent non-executive Directors	$60,000	-
Grower & Miller non-executive Directors	$33,348	$33,014

Retirement Allowances for Directors

Non-executive Directors are not entitled to retirement allowances or termination payments.

Executive pay

The CEO and CFO's employment contracts do not have a minimum term and they are required to give 6 months' notice of termination.

Executive's pay and reward framework has three components:

- base pay and benefits
- short-term performance incentives
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay is reviewed annually to ensure the remuneration is competitive with the market. The fixed remuneration (inclusive of superannuation) for the CEO is $325,000 and the CFO is $230,000. There are no guaranteed base pay increases fixed into management contracts.

Benefits

No other benefits were paid during the year.

Short-term incentives

Executives have a target short-term incentive (STI) opportunity. Each year the Board considers appropriate targets and key performance indicators (KPIs) 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.

The following table illustrates factors affecting shareholder value over the past five years:

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Profit attributable to members of STL	**23,418**	23,360	22,930	21,554	20,684
Dividends (relating to the year)					
Interim	**11,160**	11,160	10,800	10,800	10,080
Final	**11,520**	11,160	11,160	10,800	10,800
Earnings per share (basic)	**6.51¢**	6.49¢	6.37¢	5.99¢	5.75¢
Share price at 30 June ($)	**$0.86**	$0.79	$0.75	$0.63	$0.63

Details of remuneration

Amounts of remuneration

Details of the remuneration of each Director and executives of Sugar Terminals Limited are set out in the following tables.

Key management personnel of Sugar Terminals Limited

2017	Short-term benefits					Post-employment benefits	Total
Name	**Cash salary and fees**	**Cash bonus**	**Annual and long service leave**	**Non-monetary benefits**	**Other – termination benefit**	**Superannuation**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors							
SG Bonanno	17,452	-	-	-	-	1,658	19,110
AS Cappello	2,204	-	-	-	-	7,946	10,150
CA Christofides	3,348	-	-	-	-	30,000	33,348
IR Davies	23,290	-	-	-	-	-	23,290
AM Gray (Chairman)	29,086	-	-	-	-	2,763	31,849
SC Gregory	64,115	-	-	-	-	17,258	81,373
SW Rutherford	33,348	-	-	-	-	-	33,348
DA Watson	30,455	-	-	-	-	2,893	33,348
Sub total non-executive Directors	**203,298**	**-**	**-**	**-**	**-**	**62,518**	**265,816**
Executives							
PM Bolton	36,402	-	-	-	-	10,123	46,525
PW Trimble	315,401	100,000	19,231	-	-	34,996	469,628
JP Warda	54,250	-	-	-	-	27,000	81,250
Total	**609,351**	**100,000**	**19,231**	**-**	**-**	**134,637**	**863,219**

Changes since the end of the reporting period

Peter Trimble ceased as General Manager with the Company on 31 July 2017.

2016	Short-term benefits					Post-employment benefits	Total
Name	**Cash salary and fees**	**Cash bonus**	**Annual and long service leave**	**Non-monetary benefits**	**Other – termination benefit**	**Superannuation**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors							
AS Cappello	8,482	-	-	-	-	24,532	33,014
CA Christofides	3,014	-	-	-	-	30,000	33,014
SC Gregory (Chairman)	82,900	-	-	-	-	7,876	90,776
SW Rutherford	33,014	-	-	-	-	-	33,014
DA Watson	30,150	-	-	-	-	2,864	33,014
Sub total non-executive Directors	**157,560**	**-**	**-**	**-**	**-**	**65,272**	**222,832**
Executives							
RB Farquhar	7,644	-	53,774	-	65,000	34,999	161,417
PW Trimble	290,091	55,000	-	-	-	34,908	379,999
Total	**455,295**	**55,000**	**53,774**	**-**	**65,000**	**135,179**	**764,248**

Share-based compensation

The Company does not have any share-based compensation plan. Directors and executives do not have any rights to subscribe for equity or debt securities of the Company.

Additional information

Loans to Directors and executives

There are no loans to Directors or executives.

NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below:

	2017 $	2016 $
During the year the following fees were paid or payable for non-audit services provided by the auditor of the Company and its related practices:		
Non-audit services		
PricewaterhouseCoopers Australian firm:		
Accounting advice:	**15,000**	-

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 14.

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.

Mark Gray	Stuart Gregory
Chairman	Director
Brisbane	Brisbane
6 September 2017	6 September 2017

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

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
6 September 2017

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Annual financial report

30 JUNE 2017

Contents

1

2

1. CEO John Warda during a tour of the Maryborough Sugar Mill.
2. Raw sugar conveyor at the Mourilyan BST.

The financial report is presented in Australian currency.

Sugar Terminals Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Sugar Terminals Limited
Level 3, IBM Building
348 Edward St
BRISBANE QLD 4000

A description of the Company's operations and its principal activities is included in the review of operations and activities on pages 9 and 10 in the Directors' report which is not part of this financial report.

The financial report was authorised for issue by the Directors on 6 September 2017. The Directors have the power to amend and reissue the financial statements.

Statement of comprehensive income

AS AT 30 JUNE 2017

	NOTES	2017 $'000	2016 $'000
REVENUE FROM CONTINUING OPERATIONS	5	**51,081**	48,689
Depreciation expense	6	**(12,028)**	(11,801)
Professional fees expense		**(2,431)**	(758)
Insurance expense		**(1,524)**	(1,411)
Net loss on disposal of investment properties	6	**(205)**	(89)
Other expenses		**(1,097)**	(926)
PROFIT BEFORE INCOME TAX		**33,796**	33,704
Income tax expense	7	**(10,378)**	(10,344)
PROFIT FOR THE PERIOD	17	**23,418**	23,360
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**23,418**	23,360

		2017 Cents	2016 Cents
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted earnings per share	26	**6.51**	6.49

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

Balance sheet

AS AT 30 JUNE 2017

	NOTES	2017 $'000	2016 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**7,945**	6,639
Trade and other receivables	10	**212**	249
Other financial assets	9	**10,000**	12,000
Total current assets		**18,157**	18,887
NON-CURRENT ASSETS			
Investment properties	11	**-**	328,888
Property, plant and equipment	12	**329,492**	-
Total non-current assets		**329,492**	328,888
TOTAL ASSETS		**347,649**	347,776
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**8,419**	9,799
Current tax liabilities	14	**381**	569
Total current liabilities		**8,800**	10,368
NON-CURRENT LIABILITIES			
Net deferred tax liabilities	15	**9,050**	8,347
Total non-current liabilities		**9,050**	8,347
TOTAL LIABILITIES		**17,850**	18,715
NET ASSETS		**329,799**	329,061
EQUITY			
Contributed equity	16	**317,628**	317,628
Retained earnings	17	**12,171**	11,433
TOTAL EQUITY		**329,799**	329,061

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

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	Contributed Equity $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 JULY 2015		317,628	10,393	328,021
PROFIT FOR THE PERIOD		-	23,360	23,360
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	23,360	23,360
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Dividends provided for or paid	18	-	(22,320)	(22,320)
BALANCE AT 30 JUNE 2016		317,628	11,433	329,061
PROFIT FOR THE PERIOD		**-**	**23,418**	**23,418**
OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**23,418**	**23,418**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Dividends provided for or paid	18	**-**	**(22,680)**	**(22,680)**
BALANCE AT 30 JUNE 2017		**317,628**	**12,171**	**329,799**

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

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		**54,482**	52,970
Payments to suppliers and employees (inclusive of goods and services tax)		**(8,082)**	(5,906)
		46,400	47,064
Interest received		**361**	560
Income taxes paid		**(9,861)**	(11,405)
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	**36,900**	36,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Investment Properties / Property, Plant & Equipment		**(14,914)**	(19,351)
Proceeds from financial assets		**2,000**	3,000
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(12,914)**	(16,351)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Company's shareholders		**(22,680)**	(22,320)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**(22,680)**	(22,320)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**1,306**	(2,452)
Cash and cash equivalents at the beginning of the financial year		**6,639**	9,091
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	**7,945**	6,639

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

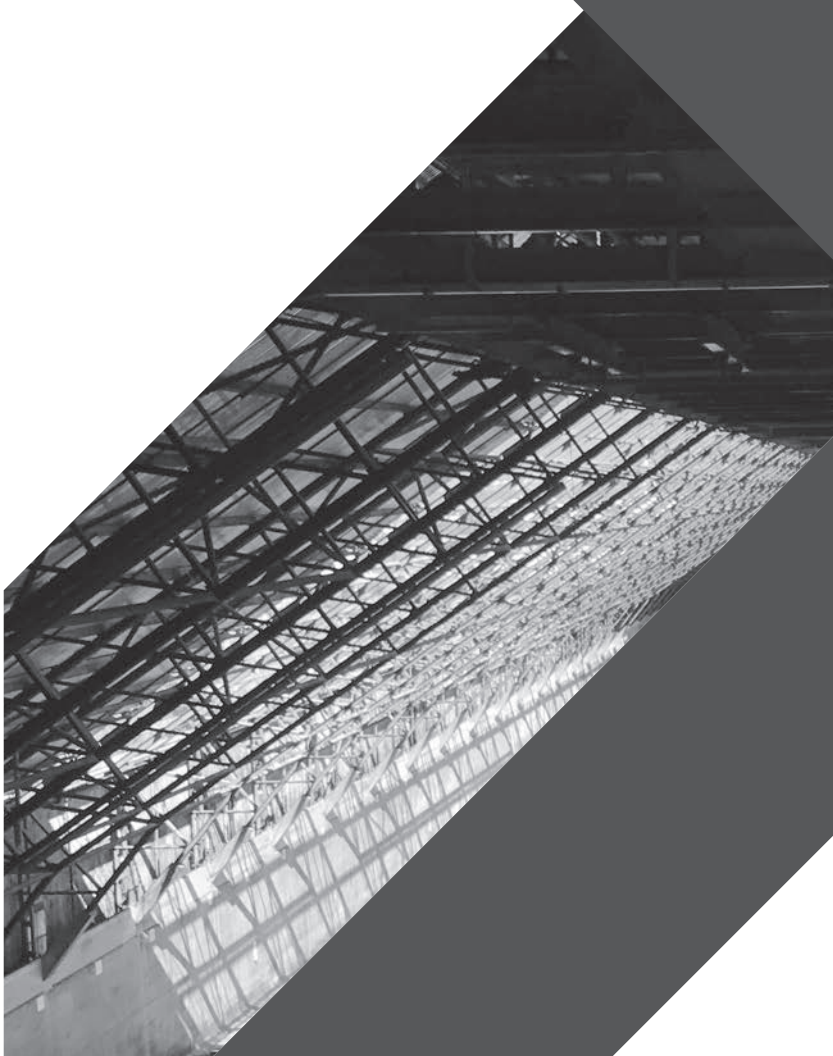
Notes to financial statements

30 JUNE 2017

CONTENTS

1

2



1. Shiploader at Lucinda BST.
2. Roof replacement works at the Cairns BST.

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 (AASB), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group interpretations and the Corporations Act 2001. STL is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report of STL also complies with International Financial Reporting Standards (IFRS) as used by the International Accounting Standards Board (IASB).

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and they are not likely to affect future periods.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS 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.

Going Concern

These financial statements have been prepared on the basis that STL is a going concern, able to realise assets and settle liabilities in the ordinary course of business.

The principal activities of the business changed from 1 July 2017 to become an infrastructure service provider. The Company is now responsible for the operation of the bulk sugar terminals and has contracts to provide storage and handling services with six raw sugar marketers.

These contracts have a tenure of 1 year ending 30 June 2018. Engagement has commenced with all customers to put in place longer term contracts.

The Directors, after taking into account all relevant factors, have concluded that there are reasonable grounds to believe the business will remain a going concern for the next twelve months. The Directors have formed this view based on a number of factors including:

1. The Company's historical ability to meet required operating expense commitments;
2. The Company is debt free;
3. The Company's history of securing one year contracts with each of the six customers and confidence being able to establish longer term agreements;
4. The demands for the facilities and operating services will exist beyond the tenure of existing contracts; and
5. The existence of sufficient cash and financial asset balances to meet operating expense commitments.

Accordingly, the Directors have prepared the financial report on a going concern basis.

(B) SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

(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 using the effective interest rate method.

(D) INCOME TAX

The income tax expense for the period is the tax payable on the current period's taxable income based on the current income tax rate 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.

Deferred income tax is provided for 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 nor 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, other short-term, highly liquid investments with 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) Financial assets

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours notice with no loss of interest.

Term deposits that have a maturity of three months or more from the date of acquisition are presented as other financial assets.

(i) 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.

Collectability 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.

(j) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(k) 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. Options to renew the leases are in the control of the Company.

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 40 – 80 years
- Plant and equipment 7 – 50 years

The assets' 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 statement of comprehensive income.

(l) Property, plant and equipment

Property, plant and equipment 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. Options to renew the leases are in the control of the Company.

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 40 – 80 years
- Plant and equipment 7 – 50 years

The assets' 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 statement of comprehensive income.

(m) 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).

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(O) 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.

(P) 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.

(Q) 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.

(R) 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.

(S) 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.

(T) 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.

(U) 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.

(V) 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 flows.

(W) COMPARATIVES

Comparative information has been reclassified where appropriate to enhance comparability.

(X) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations have been published that are mandatory for the Company for the reporting periods beginning on or after 1 July 2017 but which the Company has not yet adopted. Based on a review, the Company has concluded that the majority of these standards yet to be adopted are not expected to have a significant impact on the Company's financial statements. The Company's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018).

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The Company has considered the impact of the new rules on its revenue recognition policies, including a detailed assessment in the near future. The Company will adopt AASB 15 in the annual reporting period ending 30 June 2019.

AASB 16 Leases (effective from 1 January 2019).

The AASB has issued a new standard for Leases which applies to accounting periods commencing on or after 1 January 2019. The Company has not yet considered the impact of the new rules on its leases. It will undertake a detailed assessment in the near future. The Company will assess whether to adopt AASB 16 before its operative date; if not it would be first applied in the annual reporting period ending 30 June 2020.

NOTE 2

Capital and 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. Cash at bank and term deposits are all held with one of the major Australian banks.

(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

	2017	2016
	$'000	$'000
Floating rate		
Expiring within one year (bank overdraft)	**3,000**	3,000

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

(C) MARKET RISK

(i) Foreign exchange risk

The Company is not exposed to foreign exchange risk arising from currency exposure.

(ii) Price risk

The Company is not exposed to equity securities price risk.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. There is no external debt or interest-bearing obligations.

(D) CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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.

The areas involving significant estimates or judgements are:

- estimation fair value of property, plant and equipment (note 12)
- estimation of current tax payables and current tax expense (note 7 and 14)
- recognition of deferred tax liabilities (note 15)

(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

Operating segments

STL operations are monitored by the Company as one operating segment, and this is how the results are reported internally and how the business is managed. The CEO and the Board assess the performance of the Company based on earnings before interest and tax.

NOTE 5

Revenue

	2017 $'000	2016 $'000
REVENUE FROM CONTINUING OPERATIONS		
Rental revenue	**49,833**	47,611
Share of Defence Department licence fee	**387**	378
Storage and handling of other products	**211**	140
	50,481	48,129
OTHER REVENUE		
Interest revenue	**361**	560
Other income	**239**	-
	600	560
	51,081	48,689

NOTE 6

Expenses

	2017 $'000	2016 $'000
Profit before income tax includes the following specific expenses:		
EXPENSES		
Depreciation		
Investment properties	**12,028**	11,801
Total depreciation	**12,028**	11,801
Net loss on disposal of investment properties	**205**	89
Defined contributions superannuation expense	**135**	135

NOTE 7

Income tax expense

	NOTES	2017 $'000	2016 $'000
(A) INCOME TAX EXPENSE			
Current taxation		**9,675**	9,549
Deferred tax		**703**	795
		10,378	10,344

Deferred income tax expenses included in income tax expense comprises:		2017 $'000	2016 $'000
Increase (decrease) in deferred tax liabilities	15	**703**	795
		703	795

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Profit from continuing operations before income tax expense	**33,796**	33,704
Income tax calculated at the Australian tax rate of 30% (2016 – 30%)	**10,140**	10,111
Tax effect of permanent differences:		
Non-deductible depreciation	**238**	238
Sundry items	**-**	(5)
INCOME TAX EXPENSE	**10,378**	10,344

NOTE 8

Current assets – Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	**7,945**	6,639
	7,945	6,639

(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	**7,945**	6,639
Balances per cash flow statement	**7,945**	6,639

(B) CASH AT BANK AND ON HAND

Cash at bank earns a floating interest rate of 1.50%, which is the rate at 30 June 2017 (2016 – 1.50%).

(C) INTEREST RATE RISK EXPOSURE

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

NOTE 9

Current assets – Financial assets

	2017 $'000	2016 $'000
Term deposits	**10,000**	12,000
	10,000	12,000

(A) FINANCIAL ASSETS

Term deposits earn a weighted average interest rate of 2.60%, which is the rate at 30 June 2017 (2016 – 3.06%).

NOTE 10

Current assets – Trade and other receivables

	2017 $'000	2016 $'000
Trade receivables	**126**	23
Other receivables	**86**	226
	212	249

(A) PAST DUE BUT NOT IMPAIRED

Trade receivables do not include any amounts which are past due.

(B) FAIR VALUE AND CREDIT RISK

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

NOTE 11

Non-current assets – Investment properties

During the year, the Investment Properties were Company owned assets at the bulk sugar terminals constructed on leased properties at Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg.

As a consequence of the new operating model which came into effect from 1 July 2017, Investment Properties have been reclassified as at 30 June 2017 to Property, Plant and Equipment.

	Leasehold Land	Buildings, Plant and Equipment	Under Construction	Total
	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2017				
Opening net book amount	12,938	310,870	5,080	328,888
Additions	-	4,219	8,618	12,837
Disposals	-	(205)	-	(205)
Transfers	-	10,096	(10,096)	-
Depreciation charge	-	(12,028)	-	(12,028)
Transfers to property, plant and equipment	(12,938)	(312,952)	(3,602)	(329,492)
Closing net book amount	-	-	-	-
AT 30 JUNE 2017				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-

	Leasehold Land	Buildings, Plant and Equipment	Under Construction	Total
	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2016				
Opening net book amount	12,938	308,702	2,098	323,738
Additions	-	5,864	11,176	17,040
Disposals	-	(89)	-	(89)
Transfers	-	8,194	(8,194)	-
Depreciation charge	-	(11,801)	-	(11,801)
Closing net book amount	12,938	310,870	5,080	328,888
AT 30 JUNE 2016				
Cost	12,938	476,219	5,080	494,237
Accumulated depreciation	-	(165,349)	-	(165,349)
Net book amount	12,938	310,870	5,080	328,888

Rental revenue derived from investment properties is included in Note 5.

(A) AMOUNTS RECOGNISED IN THE PROFIT AND LOSS FOR INVESTMENT PROPERTIES

	2017 $'000	2016 $'000
Direct operating expenses, including depreciation, from property that generated rental income	**13,552**	13,212

(B) LEASING ARRANGEMENTS

The Investment Properties were leased to QSL under an operating lease (Sublease) with rentals payable monthly. This lease ceased on 30 June 2017.

NOTE 12

Non-current assets – Property, plant and equipment

	Leasehold Land	Buildings, Plant and Equipment	Under Construction	Total
	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2017				
Opening net book amount	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation charge	-	-	-	-
Transfers from investment property	12,938	312,952	3,602	329,492
Closing net book amount	12,938	312,952	3,602	329,492
AT 30 JUNE 2017				
Cost	12,938	489,286	3,602	505,827
Accumulated depreciation	-	(176,334)	-	(176,334)
Net book amount	12,938	312,952	3,602	329,492

Property, Plant and Equipment are pledged as security for a bank overdraft facility of $3 million, as follows:

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

NOTE 13

Current liabilities – Trade and other payables

	2017 $'000	2016 $'000
Trade payables	**4,376**	3,609
Deferred revenue	**3,494**	4,471
Other payables and accruals	**549**	1,718
	8,419	9,798

NOTE 14

Current liabilities – Current tax liabilities

	2017 $'000	2016 $'000
	381	569
Income tax	**381**	569

NOTE 15

Non-current liabilities – Deferred tax liabilities

	2017 $'000	2016 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Investment properties	**9,050**	8,347
	9,050	8,347
MOVEMENTS:		
Opening balance at 1 July	**8,347**	7,552
Charged to the income statement (Note 7)	**703**	795
Closing balance at 30 June	**9,050**	8,347
Deferred tax liabilities to be settled after more than 12 months	**9,050**	8,347
Deferred tax liabilities to be settled within 12 months	**-**	-
	9,050	8,347

NOTE 16

Contributed equity

	2017 Shares	2016 Shares	2017 $'000	2016 $'000
(A) SHARE CAPITAL				
Ordinary shares				
Fully paid	**360,000,000**	360,000,000	**317,628**	317,628

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL	2017 $'000	2016 $'000
Opening balance	**317,628**	317,628
Closing balance	**317,628**	317,628

(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 2017 there were 360 million ordinary shares fully paid, consisting of:

G class ordinary shares	229,348,203
M class ordinary shares	130,651,797
	360,000,000

During the year ended 30 June 2017, there were no movements in the total number of ordinary shares on issue.

NOTE 17

Retained earning

	2017 $'000	2016 $'000
Movements in retained earnings were as follows:		
RETAINED EARNINGS		
Balance at 1 July	**11,433**	10,393
Total comprehensive income	**23,418**	23,360
Dividends provided for or paid	**(22,680)**	(22,320)
Balance at 30 June	**12,171**	11,433

NOTE 18

Dividends

	2017 $'000	2016 $'000
(A) ORDINARY SHARES		
Final dividend for the year ended 30 June 2016 of 3.1 cents (2015 – 3.1 cents) per share paid on 30 September 2016.		
Fully franked based on tax paid @ 30%	**11,160**	11,160
Interim dividend for the year ended 30 June 2017 of 3.2 cents (2016 – 3.1 cents) per share paid on 31 March 2017.		
Fully franked based on tax paid @ 30%	**11,520**	11,160
	22,680	22,320

(B) DIVIDENDS NOT RECOGNISED AT YEAR END

In addition to the above dividends, since year end the Directors have determined that a final dividend of 3.2 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 $11.52 million to be paid on 29 September 2017, but is not recognised as a liability at year end.

(C) FRANKED DIVIDENDS

The franked portion of the final dividend recommended after 30 June 2017 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ending 30 June 2017.

	2017 $'000	2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2016 – 30%)	**3,745**	3,791

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

(a) franking credits that will arise from the payment of the current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

(c) franking credits that may be prevented from being distributed in subsequent financial years.

The impact on the franking account of the dividend determined by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $4,937,000 (2016: $4,783,000).

NOTE 19

Key management personnel disclosures

(A) KEY MANAGEMENT PERSONNEL COMPENSATION

	2017 $'000	2016 $'000
Short-term	**728,582**	564,069
Termination benefits	**-**	65,000
Post-employment benefits (i.e. superannuation)	**134,637**	135,179
	863,219	764,248

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 12.

(B) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Share holdings

The number of ordinary shares in the Company held during the financial year by each Director and other key management personnel of the Company, including their personally related entities, are set out below. There were no shares granted during the reporting period as compensation.

	Held at 30 June 2016	**Purchases**	**Other changes during the year**	**Held at 30 June 2017**
AS Cappello	117,956	-	-	117,956
DA Watson	248,196	-	-	248,196

(C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Mr AS Cappello and Mr SW Rutherford are Directors of Australian Sugar Milling Council Pty Limited. Australian Sugar Milling Council Pty Limited provides administrative and secretarial services to STL. Under the terms of the arrangement, provision of these services has been extended to 30 April 2018 subject to a right by STL to terminate by providing 6 months' notice. The services are provided on normal commercial terms and conditions.

Aggregate amounts of the above types of other transactions with key management personnel of STL:

	2017 $'000	2016 $'000
Amounts recognised as expense		
Services provided by Australian Sugar Milling Council Pty Limited.	**105**	104

NOTE 20

Remuneration of auditors

	2017 $'000	2016 $'000
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
(A) ASSURANCE SERVICES		
PricewaterhouseCoopers – Australian firm		
Audit and review of financial reports and other audit work under the Corporations Act 2001.	**82,461**	69,000
Total remuneration for assurance services	**82,461**	69,000
(B) OTHER SERVICES		
PricewaterhouseCoopers – Australian firm		
Accounting advice	**15,000**	-
Total remuneration for other services	**15,000**	-
	97,461	69,000

NOTE 21

Contingent liabilities

The Company does not have any contingent liabilities.

NOTE 22

Commitments

Under the terms of the Sublease, QSL incurs expenditure on Capital Works in accordance with the approved Capital Expenditure Budget and that expenditure is reimbursed by STL.

Capital expenditure contracted for by QSL but not paid or recognised as a liability by STL amounted to $6,126,317 (2016 $5,314,582).

NOTE 23

Related party transactions

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

As a consequence of the new operating model, which came into effect from 1 July 2017, there were transactions with shareholders which have been disclosed in Note 13 as deferred revenue. The transactions have been recorded in accordance with the terms and conditions included in the storage and handling agreements.

NOTE 24

Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

NOTE 25

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

	2017 $'000	2016 $'000
Profit for the year	**23,419**	23,360
Depreciation	**12,028**	11,801
Net loss (gain) on disposal of non-current assets	**205**	89
Decrease (increase) in trade and other receivables	**38**	(122)
Increase (decrease) in trade and other payables	**695**	2,152
Increase (decrease) in current tax liabilities	**(188)**	(1,856)
Increase (decrease) in deferred tax liabilities	**703**	795
Net cash inflow from operating activities	**36,900**	36,219

NOTE 26

Earnings per share

	NOTES	2017 Cents	2016 Cents
(A) BASIC AND DILUTED EARNINGS PER SHARE			
Profit from continuing operations attributable to the ordinary equity holders of the Company		**6.51**	6.49

	2017 $'000	2016 $'000
(B) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share from continuing operations	**23,419**	23,360

		2017 Number	2016 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.	16	**360,000,000**	360,000,000

In the Directors' opinion:

(a) the financial statements and notes set out on pages 15 to 33 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

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

Mark Gray
Chairman
Brisbane
6 September 2017

Stuart Gregory
Director
Brisbane
6 September 2017

Independent auditor's report

Independent auditor's report

To the shareholders of Sugar Terminals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Sugar Terminals Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

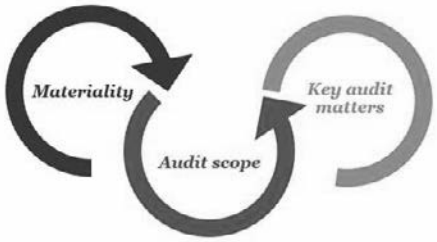
Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall materiality of $1.7 million, which represents approximately 5% of the Company's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose profit before tax because, in our view, it is the benchmark against which the performance of the Company is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • We ensured the audit team included the appropriate skills and competencies required for the audit. Our team included Tax Specialists and Valuations experts.	• Amongst other relevant topics, we communicated the following key audit matters to the Finance and Audit Committee: – New Operating Agreement and Storage and Handling Agreement. – Classification and carrying value of Property, Plant and Equipment • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
New Operating Agreement and Storage and Handling Agreements *(Refer to Note 1(a) – Basis of Preparation)* Sugar Terminals Limited signed a new 'Operating Agreement' with Queensland Sugar Limited and 'Storage and Handling Agreements' with customers in June 2017. Under these agreements, Sugar Terminals Limited will manage the Terminals, engaging Queensland Sugar Limited as its key operations contractor. Previously Queensland Sugar Limited sub-let the terminals and contracted directly with the customers. The new agreements commenced on 1 July 2017 and the previous sub-lease arrangement with Queensland Sugar Limited ceased on 30 June 2017. This was a key audit matter because the Company depends on the new Storage and Handling Agreement for most of its revenue and the agreement is for a 1 year term from 1 July 2017 to 30 June 2018. In connection with the new agreements, management performed an assessment of the new business model and cash flow requirements. Following management's assessment, the Company determined that the going concern basis of preparation for the financial report was appropriate.	We performed the following procedures, amongst others: • Evaluated management's assessment of their ability to continue as a going concern for at least 12 months from the date of signing the auditor's report, including testing the underlying data and assumptions of the cash flow requirements of the Company over the next 12 months based on the Board approved budget for the year ending 30 June 2018. The key assumptions in the forecast include factors relating to the renewal of the Storage and Handling Agreements. We understand that management have already engaged customers on long term agreements and the target is to finalise these by February 2018. • Evaluated the valuation and recoverability of existing assets on the balance sheet, including Property Plant and Equipment. • Requested written representations from management and the board of directors regarding their plans for securing longer term contracts with customers, future trading and the feasibility of these plans. • Considered the adequacy of the disclosure around the new agreements including the description of the changes and impact on the change in business model.
Classification and carrying value of Property, Plant and Equipment *(Refer to Note 12 – Property, Plant and Equipment* Sugar Terminals Limited has Property, Plant and Equipment of $329.5 million as at 30 June 2017. The Property, Plant and Equipment balance had previously been classified as Investment Properties and was reclassified as at 30 June 2017. The previous sub-lease arrangement with Queensland Sugar Limited ceased on this date and was replaced with a new operating agreement with Queensland Sugar Limited and storage and handling agreements with customers on 1 July 2017. On this basis, the properties no longer met the definition of investment properties in line with Australian Accounting Standards. The classification and carrying value of Property, Plant and Equipment was a key audit matter given the size of this balance and judgement involved in performing the impairment assessment.	We performed the following procedures amongst others: • Assessed the reclassification of the assets to Property, Plant and Equipment, in light of the future executed agreements and the requirements of Australian Accounting Standards. • Evaluated the adequacy of the disclosures. • Checked the mathematical accuracy of all the calculations in the value-in-use model. • Compared the cash flow forecasts for the year ended 30 June 2018 included in the value-in-use model to the Board approved budget. • Compared the actual results for year ended 30 June 2017 with prior year forecasts to assess the historical accuracy of the Company's forecasting processes.

Key audit matter	*How our audit addressed the key audit matter*
Management prepared a value-in-use calculation in considering the carrying value of these assets in light of the change in operating model. Following management's assessment, no impairment was recorded in the 30 June 2017 financial report.	• Performed sensitivity analysis on the long-term growth rate and discount rate within the value-in-use calculation. • Evaluated the competency, qualifications, experience and objectivity of management's expert who assisted with the cost of capital used in the discount rate included in the value-in-use model. With assistance from our Valuations experts, we also: • Evaluated key assumptions for long-term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and • Assessed the discount rate used in the model by comparing the cost of capital for the Company to market data and industry research.

Other information

The directors are responsible for the other information. The other information comprises the 2016-2017 Performance, Message from our Chairman and CEO, Board and management, Corporate governance, Directors' Report, Shareholder Information and Corporate Directory included in the Company's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 10 to 13 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Sugar Terminals Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Sugar Terminals Limited for the year ended 30 June 2017 included on Sugar Terminals Limited's web site. The directors of the Company are responsible for the integrity of Sugar Terminals Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site

PricewaterhouseCoopers

Kim Challenor
Partner

Brisbane
6 September 2017

Shareholder information

The Company has G Class shares, the acquisition of which is restricted to Active Growers and M Class shares which are restricted to Active Millers.

Lists of the top 10 G Class shareholders, all of the M Class shareholders and a list of substantial shareholders (whose combined holding of G and M Class shares is more than 5%) as at the date of this report are provided below.

G CLASS SHAREHOLDERS

Shareholder	Number of Shares
Anthoan Pty Ltd	11,515,155
MSF Investments Pty Ltd	11,494,226
QSL Investments (No 1) Pty Ltd	11,467,410
QSL Investments (No 2) Pty Ltd	11,467,410
MSF Sugar Limited	11,446,455
Queensland Sugar Limited	10,969,119
MP Australia Investments Pty Ltd	7,260,398
Jaswel Pty Ltd <The Jaswel Family A/C>	3,836,408
Wilmar Sugar Australia Investments Pty Ltd	1,111,343
Mr Alexander Basil Stubbs & Mr Barry Raymond Stubbs	655,563

M CLASS SHAREHOLDERS

Shareholder	Number of Shares
Wilmar Sugar Australia Investments Pty Ltd	65,810,955
Mackay Sugar Limited	32,730,150
MSF Sugar Limited	16,568,672
The Mulgrave Central Mill Company Limited	9,505,841
Tully Sugar Limited	6,016,179
Isis Central Sugar Mill Co Ltd	20,000

SUBSTANTIAL SHAREHOLDERS

Shareholder	%
MSF Sugar Limited (and associated companies)	18.89
Wilmar Sugar Australia Investments Pty Ltd	18.59
Queensland Sugar Limited (and associated companies)	9.42
Mackay Sugar Limited	9.09

Corporate directory

Directors	(Alan) Mark Gray *Chairman* Sam (Salvatore) G Bonanno Constantine A Christofides Ian R Davies Stuart C Gregory Shayne W Rutherford Drew (Donald) A Watson
Company Secretary / CFO	Peter M Bolton
Principal registered office in Australia	Level 3, IBM Building 348 Edward St, Brisbane Qld 4000
Share register	Sugar Terminals Limited Share Registry C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235
Auditor	PricewaterhouseCoopers GPO Box 150 Brisbane QLD 4001
Solicitors	Clayton Utz GPO Box 9806 Brisbane QLD 4001
Bankers	National Australia Bank PO Box 10653 Brisbane QLD 4001
Stock exchange listing	Sugar Terminals Limited G Class shares are listed on the National Stock Exchange of Australia.
Website	www.sugarterminals.com.au

1

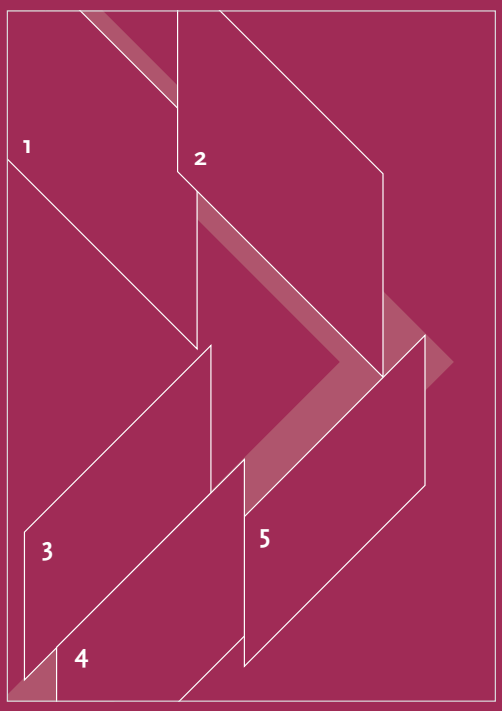
2

1. Sugar cane farming in the Burdekin.
2. Townsville BST – Shed 3 & 4.

Sugar Terminals Limited
ABN 17 084 059 601

Level 3, IBM Building
348 Edward St
BRISBANE QLD 4000

P +61 7 3221 7017
www.sugarterminals.com.au



FRONT COVER IMAGES

1. Inspecting Bundaberg BST with members of the STL Board.
2. Raw sugar stockpile management at Mackay BST.
3. The jetty at the Lucinda BST.
4. Loading raw sugar for export at Mackay BST.
5. Inspecting the roof replacement progress at Cairns BST – CEO John Warda, Ranbury site representative Warren Clarke and QSL Terminal Manager Dean O'Brien.