



**ANNUAL
REPORT
2014 - 2015**

SUGAR TERMINALS LIMITED

ABN 17 084 059 601



What's inside...

Year at a glance	1
Chairman's overview	2
General manager's report	3
Organisation – corporate governance	4
Directors' report	5
Financial report	14
Information for shareholders	38

Year at a glance

	2015	2014
Revenue from continuing operations (\$'000)	47,023	45,391
Total comprehensive income (\$'000)	22,930	21,554
Earnings per share	6.37 cents	5.99 cents
Distribution to shareholders (\$'000)	21,960	21,600
Total assets (\$'000)	347,931	342,520
Net assets (\$'000)	328,021	327,051
Net tangible asset backing per share	\$0.91	\$0.91

Company profile

Sugar Terminals Limited (STL) is a public company owned by Queensland sugar industry miller and grower shareholders and its grower shareholdings are listed on the National Stock Exchange of Australia (NSXA). It owns the bulk sugar terminal buildings, specified plant and equipment at each terminal and leases the bulk sugar terminal land at Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg from the relevant port authorities on very long term leases.

Queensland Sugar Limited (QSL) subleases the 6 bulk sugar terminals from STL and is charged commercial rent for the use of these facilities.

The Board has a policy to pay to shareholders twice annually, as high a dividend as possible, having regard to the Company's cash position and the tests set out in section 254T of the *Corporations Act*.

Chairman's overview

It is with pleasure that I bring you my report on the Company's activities for the year ended 30 June 2015.

The financial result for the year was a net profit after tax of \$22.9 million compared with a net profit after tax for the previous year of \$21.6 million, an increase of \$1.3 million or 6.4%. The increase in net profit is principally due to the after tax increase in rent of \$1.1 million.

The Company's policy is to pay as high a dividend as possible, having regard to the Company's cash position and the tests set out in section 254T of the Corporations Act. Dividends are usually paid bi-annually in March and September. In accordance with this policy, the directors paid an interim dividend of 3.1 cents per share fully franked on 31 March 2015 and have resolved to pay a final dividend of 3.1 cents per share fully franked, making a total distribution of 6.2 cents per share, or \$22.3 million. The final dividend will be paid on 30 September 2015 to shareholders recorded on the share register on 11 September 2015.

Progress on STL's terminal roof replacement program, which involves replacing 12 of the 15 shed roofs at a total cost estimated to be approximately \$90 million, continues according to plan. The replacement of roofs on sheds 2 and 3 at Mackay and sheds 1 and 2 at Lucinda has been completed and costs were below budget in each case. During this year, the board approved a proposal to replace the roof on shed 2 in Cairns in 2015 and the Mourilyan shed roof in 2016. The Cairns project is forecast to be completed by end September 2015 and costs are expected to be within budget. The overall program, to be undertaken over 10-12 years so as to limit any significant impact on annual cash flows, is now approximately 30% complete.

The current Sublease agreement with QSL, which became effective on 1 January 2014, is operating satisfactorily and our relationship with QSL remains strong. Directors have increased the dividend in 2015 to 6.2 cents from 6 cents in the previous year, and estimate that the annual rental increases of 2.5% should support annual dividends increasing progressively to around 6.8 cents per share by the end of the 5 year term.

The impact on the Queensland sugar industry and STL of the decision of Wilmar Sugar Australia Ltd, MSF Sugar Limited and Tully Sugar Limited to market their export sugar independently of QSL is still to be determined. In response, there has been a very public and wide ranging debate in the industry by grower organisations and the sugar milling sector with a range of views as to the future marketing arrangements that might prevail in the Queensland industry. In addition, there has been significant political activity during the year, including:

- a Federal coalition Sugar Marketing Code of Conduct Taskforce which has circulated and sought feedback from the industry on a draft code of conduct;
- a Senate Committee Inquiry into the marketing of sugar by the Rural and Regional Affairs and Transport References Committee. The committee has recommended the development and implementation of a mandatory sugar industry Code of Conduct; and
- a private members bill, which has been put forward in the Queensland Parliament, "The Sugar Industry (Real Choice in Marketing) Amendment Bill 2015", which has been referred to a Government committee.

As at the date of this report, the outcome of these political initiatives remains unclear. STL is in the secure position of controlling the 6 Queensland bulk sugar terminals with very long leases from the respective port authorities. While these terminals are subleased to QSL for 5 years from 1 January 2014, the Sublease is dependent on QSL controlling certain percentages of the sugar that is stored and handled at each terminal. Should QSL's percentages drop below the nominated levels, STL may terminate the Sublease or exclude the affected terminal(s) and enter into alternative arrangements. The Board of STL is monitoring the situation closely, seeking the views of shareholders and other key industry stakeholders and will ensure the company is well prepared for any changes to the marketing of Queensland sugar, which may occur from July 2017.

In March 2015, I announced the impending retirement of Mr Richard Farquhar as the company's General Manager and Company Secretary after more than 12 years. Mr Farquhar's retirement became effective 31 July 2015. I would like to thank him for his enormous contribution to STL over this period and extend to him the Board's best wishes in his retirement. I would also like to welcome his replacement, Mr Peter Trimble, who joined STL in July and we look forward to working with him.



Stuart Gregory
Chairman
10 September 2015

General manager's report

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

Lease Arrangements with Port Authorities

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

100 year leases, with options to renew for a further 100 years, were signed with the relevant port corporations at Brisbane, Bundaberg, Mackay, Townsville, Lucinda, Mourilyan and Cairns. In 2008, the Company exercised an option to convert the Brisbane terminal property to freehold and that property was sold in September 2009.

Sublease with Queensland Sugar Limited (QSL)

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

The Sublease terms in relation to rental and the treatment of maintenance were reviewed on 1 July 2005. With the introduction of voluntary marketing by the abolition of vesting of sugar to QSL, the Sublease terminated on 30 June 2007, and the parties agreed to extend that Sublease until 31 December 2008, after which a five year Sublease became effective. On 1 August 2013, the parties executed a new 5 year Sublease effective from 1 January 2014.

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

Operating Revenue

Operating revenue for the year was \$47.0 million, compared to \$45.4 million in 2014, an increase of \$1.6 million or 3.6%.

Rental under the Sublease increased by \$1.7 million to \$46.0 million due to an increase in the base rent (\$1.3 million) and the impact of capital expenditure up to 30 June 2014 exceeding the threshold (\$0.4 million). This was slightly offset by a reduction in revenue received from other uses (\$0.1 million).

Operating Results

The net profit after tax for the year was \$22.9 million (\$21.6 million in 2014) representing 6.37 cents per share (5.99 cents in 2014). The increase in net profit is principally due to the net increase in rent.

Capital Expenditure

Based on recommendations from QSL, STL undertook capital expenditure at the sugar terminals during the year of \$11.4 million including \$5.3 million on the roof replacement of sheds 1 and 2 at Lucinda (bringing the total cost to \$9.0 million) and \$2.1 million in progress payments for the roof replacements of shed 2 at Cairns and the Mourilyan shed.

Capital enhancements at the terminals to be funded by STL are budgeted to cost \$15.8 million in the 2015/16 year, including \$9.8 million for the roof replacement project.

Financial Position

The company is in a sound financial position and was free of debt at 30 June 2015. The company has a \$3 million overdraft facility which is used very infrequently to fund short term deficiencies.



Peter Trimble
General Manager
10 September 2015

Organisation - corporate governance

Governance

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

Communication with Shareholders

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

The Half-year report, Annual report and other announcements are posted on both the NSXA and the STL web sites.

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

The Board

The Board of Directors at the date of this report:

- Andrew S Cappello
- Constantine A Christofides
- Stuart C Gregory (Chairman)
- Shayne W Rutherford
- Donald A Watson

Board Committees

Major policy decisions are matters for the Board as a whole. The Audit and Risk Committee is the Board's only standing committee. It comprises a Grower Director (Mr Christofides) and a Miller Director (Mr Cappello). 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
- scope of external audit
- accounting procedures and reporting
- compliance with legislation
- maintenance of records and minutes
- insurance of STL assets
- independence of external auditor
- scope of non-audit services performed by external auditor
- adequacy of accounting controls
- financial investment planning and reporting
- identification of risk

Board Leadership and Support

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

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

Board Meetings

The Board held 7 meetings during the year to 30 June 2015 and it plans to hold 8 meetings in the current year. The agenda for the meetings is prepared in conjunction with the Chairman by the General Manager and Company Secretary. Submissions and papers on Board items are circulated in advance. The Board conducts periodic reviews of strategic issues, considers regular business and quarterly financial reports, and approves major transactions. Directors have access to independent professional advice.

Directors' report 30 June 2015

Directors

The following persons were directors of Sugar Terminals Limited (STL) during the whole of the financial year and up to the date of this report:

Mr Andrew S Cappello
 Mr Constantine A Christofides
 Mr Stuart C Gregory
 Mr Shayne W Rutherford
 Mr Donald A Watson

Principal activities

During the year the principal continuing activities of the Company consisted of:

- (a) Ownership of bulk sugar terminal assets;
- (b) Protection of the bulk sugar terminals;
- (c) Managing development and financing of bulk sugar terminals;
- (d) Managing the Sublease of the terminals to Queensland Sugar Ltd.

There have been no significant changes in the principal continuing activities during the year.

Comparative financial information

	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations	47,023	45,391	43,899	43,973	43,335
Profit attributable to members of STL	22,930	21,554	20,684	20,874	18,794
Balance sheet					
Current assets	24,193	18,680	20,375	19,434	28,297
Non-current assets	323,738	323,840	325,836	324,540	328,184
Current liabilities	(12,358)	(8,546)	(12,627)	(11,302)	(23,944)
Non-current liabilities	(7,552)	(6,923)	(6,487)	(6,099)	(6,291)
Net assets	328,021	327,051	327,097	326,573	326,246

Dividends – Sugar Terminals Limited

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

	2015	2014
	\$'000	\$'000
Final dividend for the year ended 30 June 2014 of 3 cents per share, (2013 – 3 cents per share), fully franked based on tax paid of 30%, paid on 30 September 2014.	10,800	10,800
Interim dividend for the year ended 30 June 2015 of 3.1 cents per share (2014 – 3 cents per share), fully franked based on tax paid of 30%, paid on 31 March 2015.	11,160	10,800
	21,960	21,600

Since the end of the financial year, the directors have determined that a final ordinary dividend of \$11.16 million (3.1 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 30 September 2015 to shareholders whose names are recorded on the Register on 11 September 2015.

Directors' report 30 June 2015 (Continued)

Review of operations

There were no material changes to the Company's operations during the year. The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2015, 99% (2014 – 99%) of the Company's revenue was sourced from QSL under the Company's Sublease agreement with that company.

Significant changes in the state of affairs

There were no material changes in the state of affairs during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

There were no likely developments in the operations of the Company that were not finalised at the date of this report.

Environmental regulation

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

Information on directors

Andrew S Cappello

Experience and Expertise

Chairman: Mackay Sugar Ltd, Pioneer Valley Water Board and Pioneer Valley Water Co-operative. Director: Australian Sugar Milling Council, Queensland Co-operative Federation, Sugar Australia Pty Ltd, New Zealand Sugar Company, Mackay Area Productivity Services Pty Ltd. Member of the Australian Institute of Company Directors. Former director of the Australian National Committee for Irrigation and Drainage.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)
Member of Audit & Risk Committee

Interest in shares and options

117,956 "G" class shares in Sugar Terminals Ltd

Constantine A Christofides

Experience and Expertise

Director and trustee of various private companies. Director of South Burdekin Community Financial Services Ltd, Management of family cane farm in Burdekin region.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)
Member of Audit & Risk Committee

Interest in shares and options

None

Directors' report 30 June 2015 (Continued)

Information on directors - continued

Stuart C Gregory

Experience and Expertise

Experienced company director with extensive experience in professional services, investment banking, manufacturing and agribusiness. Bachelor of Commerce (Hons). Certified Practising Accountant. Member Australian Institute of Company Directors. Director of Australian Food & Fibre Ltd, Brisbane Housing Company Ltd and Catalyst Affordable Housing Ltd.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

LandMark White Ltd

Special Responsibilities

Chairman of the board

Interest in shares and options

None

Shayne W Rutherford

Experience and Expertise

Executive General Manager, Strategy and Business Development and Executive Director, Wilmar Sugar Australia Ltd. Expertise in strategy, mergers & acquisitions and project development with experience in a broad range of industries including agribusiness, oil and gas, manufacturing, consulting and petrochemical. B.E. Mechanical (Hons 1) and MBA. Former Director of Harwood Nominees Pty Ltd, the trustee of the Harwood Super Fund and former Director of BSES Ltd. Graduate member of the Australian Institute of Company Directors.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Interest in shares and options

None

Donald A Watson

Experience and Expertise

Manager and Director of 500 hectare cane farm. Member of Mossman Canegrowers Committee since 1990, Chairman since 2001. Former Director of Queensland Canegrowers Organisation and a current Policy Council member. Served on Mossman Sugar Pricing Group. Graduate Australian Rural Leadership Course (5) 1999.

Other current directorships of listed entities

None

Former directorships of listed entities in last 3 years

None

Special Responsibilities

Director (Non-Executive)

Interest in shares and options

248,196 "G" class shares in Sugar Terminals Limited

Directors' report 30 June 2015 (Continued)

Company secretary & general manager

Mr Richard Farquhar B.Com CA retired as the Company Secretary and General Manager on 31 July 2015. Mr Farquhar was appointed to this position in October 2003. Prior to joining Sugar Terminals Ltd he was the CFO and Company Secretary of the Australian subsidiary of a US listed public company for twenty years up to 1998 and in the interim period worked for insolvency practitioners managing businesses during insolvency administration.

Mr Peter Trimble commenced in the position in July 2015. Mr Trimble, B Comm CPA GAICD, has worked as a Senior Finance Executive in Public and Private Companies across a wide range of industries including Building & Construction Products, Sugar, Aluminium, Childcare and Motorsport. He has extensive experience in accounting, finance, strategic planning, mergers & acquisitions and business restructuring in both the United States and Australia.

Meetings of directors

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

	Directors' Meetings		Committee Meetings Audit & Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew S Cappello	7	7	2	2
Constantine A Christofides	7	7	2	2
Stuart C Gregory	7	7	*	*
Shayne W Rutherford	7	7	*	*
Donald A Watson	7	7	*	*

*SC Gregory, SW Rutherford and DA Watson are not members of the Audit and Risk Committee.

Remuneration report

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

Principles used to determine the nature and amount of remuneration

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

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

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 subject to re-election. No notice is required for termination.

Directors' report 30 June 2015 (Continued)

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 \$250,000.

The following fees (excluding statutory superannuation) have applied:

	From 1 July 2014 30 June 2015	From 1 July 2013 to 30 June 2014
Chairman	\$81,700	\$79,300
Other non-executive directors	\$29,700	\$28,800

Retirement Allowances for Directors

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

Executive pay

The general manager's employment contract does not have a minimum term and he is required to give 3 months notice of termination.

The general manager'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

The general manager is 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.

There are no guaranteed base pay increases fixed in the general manager's contract.

Benefits

Mr Richard Farquhar received a car parking benefit.

Short-term incentives

The general manager has a target short-term incentive (STI) opportunity. Each year the board considers appropriate targets and key performance indicators (KPI's) to link the STI plan and the level of payouts if targets are met. Short-term bonus payments may be adjusted up or down in line with under or over achievements against the target performance levels, at the discretion of the board.

The following table illustrates movement in shareholder wealth over the past five years

	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit attributable to members of STL	22,930	21,554	20,684	20,847	18,794
Dividends (relating to the year)					
Interim	10,800	10,800	10,080	10,080	10,440
Final	11,160	10,800	10,800	10,080	10,440
Earnings per share basic	6.37c	5.99c	5.75c	5.79c	5.22c
Share price at 30 June (\$)	\$0.75	\$0.63	\$0.63	\$0.63	\$0.70

Directors' report 30 June 2015 (Continued)

Details of remuneration

Amounts of remuneration

Details of the remuneration of each director of Sugar Terminals Limited and the only executive, are set out in the following tables.

Key management personnel of Sugar Terminals Limited

2015	Short-term employee benefits			Post-employment benefits	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	\$
<i>Non-executive directors</i>					
AS Cappello	9,490	-	-	23,032	32,522
CA Christofides	2,522	-	-	30,000	32,522
SC Gregory (Chairman)	81,700	-	-	7,762	89,462
SW Rutherford	32,522	-	-	-	32,522
DA Watson	29,700	-	-	2,822	32,522
Sub total non-executive directors	155,934	-	-	63,616	219,550
<i>Key management personnel</i>					
RB Farquhar	209,132	36,368	6,300	35,000	286,800
Total	365,066	36,368	6,300	98,616	506,350

Changes since the end of the reporting period

RB Farquhar retired from the position of Company Secretary and General Manager on 31 July 2015.

2014	Short-term employee benefits			Post-employment benefits	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	\$
<i>Non-executive directors</i>					
AS Cappello	15,732	-	-	15,732	31,464
CA Christofides	6,464	-	-	25,000	31,464
SC Gregory (Chairman)	79,300	-	-	7,335	86,635
SW Rutherford	31,464	-	-	-	31,464
DA Watson	28,800	-	-	2,664	31,464
Sub total non-executive directors	161,760	-	-	50,731	212,491
<i>Key management personnel</i>					
RB Farquhar	187,000	50,000	6,825	35,000	278,825
Total	348,760	50,000	6,825	85,731	491,316

Service agreements

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

Share-based compensation

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

Additional Information

Loans to directors and executives

There are no loans to directors or executives.

Directors' report 30 June 2015 (Continued)

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.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*.

2015	2014
\$	\$

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:	nil	nil
---	-----	-----

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporation Act 2001* is set out on page 13.

Corporate Governance

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

The company has a corporate governance manual which is reviewed regularly to ensure that the company complies with the corporate governance requirements of the NSXA.

Major policy decisions are a matter for the Board as a whole. The Audit and Risk Committee is the Board's only standing committee. It was comprised of Directors Mr AS Cappello (Chairman) and Mr CA Christofides for the whole of the year. 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
- scope of external audit
- accounting procedures and reporting
- financial investment planning and reporting
- maintenance of records and minutes
- insurance of STL assets
- independence of external auditor
- scope of non-audit services performed by external auditor
- adequacy of accounting controls
- compliance with legislation
- identification of risk

Directors' report 30 June 2015 (Continued)

Top 10 shareholders

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 and all of the 'M' class shareholders as at the date of this report are set out 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	10,724,821
MP Australia Investments Pty Ltd	3,648,670
Jaswel Pty Ltd (The Jaswel Family A/C)	2,005,541
Wilmar Sugar Australia Investments Pty Ltd	1,111,343
Tully Sugar Limited	652,538

'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

Insurance of officers

Premiums have been paid in respect of policies of insurance for current and former Directors and officers. Disclosure of the nature of the liabilities insured by these contracts and the premiums paid under these contracts of insurance is prohibited by the terms of the contracts.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.


Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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



SC Gregory
Brisbane
10 September 2015



AS Cappello
Brisbane
10 September 2015



Auditor's Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'K Challenor', is enclosed in a light grey rectangular box.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
10 September 2015

PricewaterhouseCoopers, ABN 52 780 433 757

Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Annual financial report 30 June 2015

Contents	Page
Annual financial report – 30 June 2015	14
Statement of comprehensive income	15
Balance Sheet	16
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	19
Directors' declaration	35
Independent auditor's report to the members of Sugar Terminals Limited	36

The financial report is presented in 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 5 & 6 in the directors' report which is not part of this financial report.

The financial report was authorised for issue by the directors on 10 September 2015.

Statement of comprehensive income

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue from continuing operations	5	47,023	45,391
Depreciation expense	6	(11,387)	(11,453)
Professional fees expense		(339)	(263)
Insurance expense		(1,401)	(1,553)
Net loss on disposal of investment properties	6	(94)	(295)
Other expenses		(713)	(704)
Profit before income tax		33,089	31,123
Income tax expense	7	(10,159)	(9,569)
Profit for the period attributable to members of Sugar Terminals Limited	15	22,930	21,554
Other comprehensive income		-	-
Total comprehensive income attributable to members of Sugar Terminals Limited		22,930	21,554
		2015 Cents	2014 Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share	25	6.37	5.99

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

Balance sheet As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	23,915	18,487
Trade and other receivables	9	278	193
Total current assets		<u>24,193</u>	<u>18,680</u>
Non-current assets			
Investment properties	10	323,738	323,840
Total non-current assets		<u>323,738</u>	<u>323,840</u>
Total assets		<u>347,931</u>	<u>342,520</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	9,933	6,407
Current tax liabilities	12	2,425	2,139
Total current liabilities		<u>12,358</u>	<u>8,546</u>
Non-current liabilities			
Deferred tax liabilities	13	7,552	6,923
Total non-current liabilities		<u>7,552</u>	<u>6,923</u>
Total liabilities		<u>19,910</u>	<u>15,469</u>
Net assets		<u>328,021</u>	<u>327,051</u>
EQUITY			
Contributed equity	14	317,628	317,628
Retained earnings	15	10,393	9,423
Total equity		<u>328,021</u>	<u>327,051</u>

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

Statement of changes in equity For the year ended 30 June 2015

	Notes	Contributed Equity \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2013		317,628	9,469	327,097
Profit for the period			21,554	21,554
Other comprehensive income			-	-
Total comprehensive income for the year		-	21,554	21,554
Transactions with owners in their capacity as owners				
Dividends provided for or paid	16	-	(21,600)	(21,600)
Balance at 30 June 2014		317,628	9,423	327,051
Profit for the period			22,930	22,930
Other comprehensive income			-	-
Total comprehensive income for the year		-	22,930	22,930
Transactions with owners in their capacity as owners				
Dividends provided for or paid	16	-	(21,960)	(21,960)
Balance at 30 June 2015		317,628	10,393	328,021

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

Statement of cash flows For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		55,317	45,517
Payments to suppliers and employees (inclusive of goods and services tax)		(5,956)	(5,808)
		<u>49,361</u>	<u>39,709</u>
Interest received		536	469
Income taxes paid		(9,244)	(9,145)
Net cash inflow from operating activities	24	<u>40,653</u>	<u>31,033</u>
Cash flows from investing activities			
Payments for investment properties		(13,265)	(10,894)
Net cash inflow (outflow) from investing activities		<u>(13,265)</u>	<u>(10,894)</u>
Cash flows from financing activities			
Dividends paid to Company's shareholders		(21,960)	(21,600)
Net cash (outflow) from financing activities		<u>(21,960)</u>	<u>(21,600)</u>
Net increase (decrease) in cash and cash equivalents		5,428	(1,461)
Cash and cash equivalents at the beginning of the financial year		<u>18,487</u>	<u>19,948</u>
Cash and cash equivalents at the end of the year	8	<u>23,915</u>	<u>18,487</u>

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

Notes to the financial statements 30 June 2015

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

Notes to the financial statements *Continued*

Note 1 - Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group interpretations and the *Corporations Act 2001*. Sugar Terminals Ltd is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and 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 AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Segment reporting

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 notional 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 in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the financial statements *Continued*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term (Note 10).

(f) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

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

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

(j) Investment property

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

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

Notes to the financial statements *Continued*

Note 1 - Summary of Significant Accounting Policies (continued)

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.

(k) Impairment of assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The recoverable amounts calculations require the use of assumptions. Refer to Note 10(c) for more details on the carrying amounts of non-current assets subject to impairment testing. A reasonably possible change in any of the key assumptions would not cause the carrying amount of the Investment Property cash generating unit to exceed its recoverable amount.

(l) Trade and other payables

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

(m) Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(o) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick

Notes to the financial statements *Continued*

leave are recognised when the leave is taken and measured at the rates paid or payable.

Retirement benefit obligations

Contributions are made by the Company to an employee's superannuation fund and are charged as expenses when incurred.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Dividends

Provision is made for the amount of any dividend declared being appropriately authorised and no longer at the discretion of the Company, on or before the end of the year but not distributed at balance date.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(u) 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 2015 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 2017).

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 not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future. The Company will assess whether to adopt AASB 15 before its operative date; if not it would be first applied in the annual reporting period ending 30 June 2018.

Notes to the financial statements *Continued*

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 AAA financial institutions.

(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

	2015	2014
	\$'000	\$'000
Floating rate		
Expiring within one year	3,000	3,000
(bank overdraft)		

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

(c) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

The Company is not exposed to equity securities price risk.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates.

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.

(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.

Notes to the financial statements *Continued*

Note 4 - Segment information

Operating segments

Sugar Terminals Limited 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 General Manager and the Board assess the performance of the Company based on earnings before interest and tax.

Note 5 - Revenue

	2015 \$'000	2014 \$'000
Revenue from continuing operations		
Rental revenue	45,968	44,268
Share of Defence Dept licence fee	378	375
Storage of other products	141	277
	<u>46,487</u>	<u>44,920</u>
Other revenue		
Interest revenue	536	469
Other	-	2
	<u>536</u>	<u>471</u>
	<u>47,023</u>	<u>45,391</u>

Note 6 - Expenses

	2015 \$'000	2014 \$'000
Profit before income tax includes the following specific expenses:		
Expenses		
Depreciation		
Investment properties	11,387	11,453
Total depreciation	<u>11,387</u>	<u>11,453</u>
Net loss on disposal of investment properties	<u>94</u>	<u>295</u>
Defined contributions superannuation expense	<u>99</u>	<u>86</u>

Note 7 - Income tax expense

	2015 \$'000	2014 \$'000
(a) Income tax expense		
Current taxation	9,530	9,133
Deferred tax	629	436
	<u>10,159</u>	<u>9,569</u>

Deferred income tax expenses included in income tax expense comprises:

	2015 \$'000	2014 \$'000
Increase (decrease) in deferred tax liabilities (Note 13)	<u>629</u>	<u>436</u>
	<u>629</u>	<u>436</u>

Notes to the financial statements *Continued*

Note 7 - Income tax expense (continued)

	2015 \$'000	2014 \$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	<u>33,089</u>	31,123
Income tax calculated at the Australian tax rate of 30% (2014 – 30%)	9,927	9,337
Tax effect of permanent differences:		
Non-deductible depreciation	237	237
Sundry items	(5)	(5)
Income tax expense	<u>10,159</u>	<u>9,569</u>

Note 8 - Current assets - Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash at bank and on hand	8,915	2,487
Term Deposits	15,000	16,000
	<u>23,915</u>	<u>18,487</u>

(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	<u>23,915</u>	18,487
Balances per cash flow statement	<u>23,915</u>	<u>18,487</u>

(b) Cash at bank and on hand

Cash at bank earns a floating interest rate of 1.75%, which is the rate at 30 June 2015 (2014 – 2.25%).

(c) Term Deposits

Term deposits earn a weighted average interest rate of 2.89%, which is the rate at 30 June 2015 (2014 – 3.65%).

(d) Interest rate risk exposure

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

Note 9 - Current assets - Trade and other receivables

	2015 \$'000	2014 \$'000
Trade receivables	27	10
Other receivables	251	183
	<u>278</u>	<u>193</u>

(a) Past due but not impaired

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

(b) Fair value and credit risk

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

Notes to the financial statements *Continued*

Note 10 - Non-current assets - Investment properties

The investment properties are the company owned assets at the bulk sugar terminals constructed on leased properties at Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg.

	Leasehold Land \$'000	Buildings, Plant and Equipment \$'000	Under Construction \$'000	Total \$'000
Year ended 30 June 2015				
Opening net book amount	12,938	307,241	3,661	323,840
Additions	-	3,985	7,394	11,379
Disposals	-	(94)	-	(94)
Transfers	-	8,957	(8,957)	-
Depreciation charge	-	(11,387)	-	(11,387)
Closing net book amount	<u>12,938</u>	<u>308,702</u>	<u>2,098</u>	<u>323,738</u>
At 30 June 2015				
Cost	12,938	463,775	2,098	478,811
Accumulated depreciation	-	(155,073)	-	(155,073)
Net book amount	<u>12,938</u>	<u>308,702</u>	<u>2,098</u>	<u>323,738</u>

	Leasehold Land \$'000	Buildings, Plant and Equipment \$'000	Under Construction \$'000	Total \$'000
At 1 July 2013				
Cost	12,938	444,090	3,069	460,097
Accumulated depreciation	-	(134,261)	-	(134,261)
Net book amount	<u>12,938</u>	<u>309,829</u>	<u>3,069</u>	<u>325,836</u>

Year ended 30 June 2014				
Opening net book amount	12,938	309,829	3,069	325,836
Additions	-	3,294	6,458	9,752
Disposals	-	(295)	-	(295)
Transfers	-	5,866	(5,866)	-
Depreciation charge	-	(11,453)	-	(11,453)
Closing net book amount	<u>12,938</u>	<u>307,241</u>	<u>3,661</u>	<u>323,840</u>

At 30 June 2014				
Cost	12,938	451,945	3,661	468,544
Accumulated depreciation	-	(144,704)	-	(144,704)
Net book amount	<u>12,938</u>	<u>307,241</u>	<u>3,661</u>	<u>323,840</u>

Notes to the financial statements *Continued*

Note 10 - Non-current assets - Investment properties (continued)

Investment properties are pledged as security for a bank overdraft facility of \$3 million, as follows:

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

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

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

	2015	2014
	\$'000	\$'000
Direct operating expenses, including depreciation, from property that generated rental income	12,788	13,006

(b) Leasing arrangements

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

The current Sublease became effective on 1 January 2014. Key terms of this Sublease are as follows –

- the term of the Sublease is 5 years
- a commencing annual rental of \$44.86 million to be increased annually during the term by 2.5% and by a percentage of the amount that capital expenditure on the terminals exceeds a predetermined threshold as specified in the Sublease.
- STL has the right to terminate the Sublease if QSL's volume falls below a certain percentage of the total volume, and STL has the right to exclude a particular terminal if QSL's volume is less than the agreed percentage of the volume at that terminal in a season.

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

	2015	2014
	\$'000	\$'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements as receivable are as follows:		
Within one year	46,560	45,420
Later than 1 year but not later than 5 years	121,390	167,950
Later than 5 years	-	-

(c) Fair value

The fair value of investment properties at 30 June 2015 was \$457.7 million. As there is no market based evidence of the fair value of the terminals, this amount has been calculated by applying an appropriate discount factor to estimated future cash flows. This is a level 3 fair value measurement in accordance with AASB 13 (97). There has been no independent valuation performed.

Notes to the financial statements *Continued*

Note 11 - Current liabilities - Trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	5,149	5,951
Deferred revenue	4,309	-
Other payables	475	456
	<u>9,933</u>	<u>6,407</u>

Note 12 - Current liabilities - Current tax liabilities

	2015 \$'000	2014 \$'000
Income tax	2,425	2,139
	<u>2,425</u>	<u>2,139</u>

Note 13 - Non-current liabilities - Deferred tax liabilities

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Investment properties	7,552	6,923
	<u>7,552</u>	<u>6,923</u>
Movements:		
Opening balance at 1 July	6,923	6,487
Charged to the income statement (Note 7)	629	436
Closing balance at 30 June	<u>7,552</u>	<u>6,923</u>
Deferred tax liabilities to be settled after more than 12 months	7,552	6,923
Deferred tax liabilities to be settled within 12 months	-	-
	<u>7,552</u>	<u>6,923</u>

Note 14 - Contributed equity

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
(a) Share capital				
Ordinary shares				
Fully paid	360,000,000	360,000,000	<u>317,628</u>	317,628
(b) Movements in ordinary share capital				
			2015 \$'000	2014 \$'000
Opening balance			<u>317,628</u>	317,628
Closing balance			<u>317,628</u>	<u>317,628</u>

Notes to the financial statements *Continued*

Note 14 - Contributed equity (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote, except that no holder of "G" class shares may vote more than 5% of the total number of "G" class shares.

At 30 June 2015 there were 360 million ordinary shares fully paid, consisting of:

"G" class ordinary shares	229,348,203
"M" class ordinary shares	<u>130,651,797</u>
	360,000,000

During the year ended 30 June 2015, there were no movements in the total number of ordinary shares on issue.

Note 15 - Retained earnings

Movements in retained earnings were as follows:

	2015 \$'000	2014 \$'000
Retained earnings		
Balance at 1 July	9,423	9,469
Total comprehensive income	22,930	21,554
Dividends provided for or paid	<u>(21,960)</u>	<u>(21,600)</u>
Balance at 30 June	<u>10,393</u>	<u>9,423</u>

Note 16 - Dividends

	2015 \$'000	2014 \$'000
(a) Ordinary Shares		
Final dividend for the year ended 30 June 2014 of 3 cents (2013 – 3 cents) per share paid on 30 September 2014.		
Fully franked based on tax paid @ 30%	10,800	10,800
Interim dividend for the year ended 30 June 2015 of 3.1 cents (2014 – 3 cents) per share paid on 31 March 2015.		
Fully franked based on tax paid @ 30%	<u>11,160</u>	<u>10,800</u>
	<u>21,960</u>	<u>21,600</u>

(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 3.1 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 \$11.16 million but is not recognised as a liability at year end.

(c) Franked dividends

The franked portions of the final dividend recommended after 30 June 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2016.

	2015 \$'000	2014 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 – 30%)	<u>3,808</u>	<u>3,690</u>

Notes to the financial statements *Continued*

Note 16 - Dividends (continued)

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

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- (c) franking credits that may be prevented from being distributed in subsequent financial years.

The amounts include franking credits that would be available to the Company if distributable profits of the Company were paid as dividends.

The impact on the franking account of the dividend 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 \$4,783,000 (2014: \$4,629,000).

Note 17 - Key management personnel disclosures

(a) Key management personnel compensation

	2015	2014
	\$	\$
Short-term employee and director benefits	407,734	405,585
Post-employment benefits	98,616	85,731
	<u>506,350</u>	<u>491,316</u>

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

(b) Equity instrument disclosures relating to key management personnel

Share holdings

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

	Held at 30 June 2014	Purchases	Other changes during the year	Held at 30 June 2015
AS Cappello	117,956	-	-	117,956
DA Watson	248,196	-	-	248,196

(c) Other transactions with key management personnel

Mr AS Cappello is a director of Australian Sugar Milling Council Pty Limited. Australian Sugar Milling Council Pty Limited provides administrative and secretarial services to Sugar Terminals Limited. Under the terms of the arrangement, provision of these services has been extended to 30 June 2016. The services are provided on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Sugar Terminals Limited:

	2015	2014
	\$'000	\$'000
Amounts recognised as expense		
Services provided by Australian Sugar Milling Council Pty Limited.	<u>101</u>	<u>98</u>

Notes to the financial statements *Continued*

Note 18 - Remuneration of auditors

	2015	2014
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
(a) Assurance services		
PricewaterhouseCoopers – Australian firm		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i> .	<u>92,903</u>	<u>90,198</u>
Total remuneration for assurance services	<u>92,903</u>	<u>90,198</u>

Note 19 - Contingent liabilities

The company does not have any contingent liabilities.

Note 20 - Commitments

Under the terms of the Sublease, Queensland Sugar Ltd (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 \$15,386,414 (2014 \$5,541,128)

Note 21 - Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

Note 22 - Economic dependency

The Company depends on Queensland Sugar Limited (QSL) for most of its revenue. During the year ended 30 June 2015 99% (2014 – 99%) of the Company's revenue was sourced from QSL under the Company's Sublease agreement with that company.

The impact on the Queensland sugar industry and STL of the decision of Wilmar Sugar Australia Ltd, MSF Sugar Limited and Tully Sugar Limited to market their export sugar independently of QSL is still to be determined.

In response, there has been a very public and wide ranging debate in the industry by grower organisations and the sugar milling sector with a range of views as to the future marketing arrangements that might prevail in the Queensland industry. In addition, there has been significant political activity during the year.

As at the date of this report, the outcome of these political initiatives remains unclear. However, STL is in the secure position of controlling the 6 Queensland bulk sugar terminals with very long leases from the respective port authorities. While these terminals are subleased to QSL for 5 years from 1 January 2014, the Sublease is dependent on QSL controlling certain percentages of the sugar that is stored and handled at each terminal. Should QSL's percentages drop below the nominated levels, STL may terminate the Sublease or exclude the affected terminal(s) and enter into alternative arrangements. The Board of STL is monitoring the situation closely, seeking the views of shareholders and other key industry stakeholders and will ensure the company is well prepared for any changes to the marketing of Queensland sugar, which may occur from July 2017.

Note 23 - Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

Notes to the financial statements *Continued*

Note 24 - Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 \$'000	2014 \$'000
Profit for the year	22,930	21,554
Depreciation	11,387	11,453
Net loss (gain) on disposal of non-current assets	94	295
Decrease (increase) in trade and other receivables	(116)	29
Increase (decrease) in trade and other payables	5,443	(2,722)
Increase (decrease) in current tax liabilities	286	(12)
Increase (decrease) in deferred tax liabilities	629	436
Net cash inflow from operating activities	<u>40,653</u>	<u>31,033</u>

Note 25 - Earnings per share

	2015 Cents	2014 Cents
(a) Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	6.37	5.99

	2015 \$'000	2014 \$'000
(b) Reconciliation of earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
From continuing operations	22,930	21,554

	2015 Number	2014 Number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 14).	360,000,000	360,000,000



Directors' declaration 30 June 2015

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2015 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.



SC Gregory
Director
Brisbane
10 September 2015

AS Cappello
Director
Brisbane
10 September 2015



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

Report on the financial report

We have audited the accompanying financial report of Sugar Terminals Limited (the company), which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001

T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



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

Continued

Auditor's opinion

In our opinion:

- (a) the financial report of Sugar Terminals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 10 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Sugar Terminals Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Kim Challenor
Partner

Brisbane
10 September 2015

Information for shareholders

Annual General Meeting

The Annual General meeting of Sugar Terminals Limited will be held at 10am on Thursday 22 October 2015 at the offices of McCullough Robertson:

Level 11, Central Plaza Two, 66 Eagle Street, Brisbane Qld

National Stock Exchange of Australia

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

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

Share Registry

Shareholders have their name and number of shares listed on the Company's share register. Shareholders may contact the share registry Link Market Services Limited for all details about their shareholdings by telephoning (02) 8280 7454 or writing to:

Sugar Terminals Limited Share Registry
C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235
Fax: (02) 9287 0303 Email: registrars@linkmarketservices.com.au

Change of Address

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

Change of Name

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

Share Transfers

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

For off market transactions, a share transfer form and member status declaration may be obtained from the share registry. The executed share transfer documentation, together with the member status declaration from the transferee that the transferee is an active grower or active miller, should be forwarded to the share registry for processing. Further information covering off market and on market transfers is available in the "frequently asked questions" section of the website.

Voting at Shareholder Meetings

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

Information for shareholders *Continued*

Registered Office

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

Postal Address

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

Share Registry

Sugar Terminals Limited Share Registry
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Telephone: (02) 8280 7454
Facsimile: (02) 9287 0303
Email: registrars@linkmarketservices.com.au

Web Site

www.sugarterminals.com.au

Solicitors

Clayton Utz
GPO Box 55
Brisbane Qld 4001

Auditors

PricewaterhouseCoopers
GPO Box 150
Brisbane Qld 4001

Bankers

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

Accountants

RSM Bird Cameron
GPO Box 1108
Brisbane Qld 4001







SUGAR TERMINALS LIMITED

ABN 17 084 059 601

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

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

