



9 March 2015

INTERIM REPORT TO SHAREHOLDERS OF SUGAR TERMINALS LIMITED

On behalf of the Board of Directors of Sugar Terminals Limited (STL), I am pleased to report to shareholders on the results of the Company during the six months to 31 December 2014.

Total comprehensive income for the half-year to 31 December 2014 was \$11.6 million (after tax), an increase of \$1.05 million or 9.9% over the same period to 31 December 2013.

Terminals

The roof replacement program continues to progress well with four of the twelve replacement roofs now completed. In 2014, the roofs were replaced on the two sheds at Lucinda for a cost of \$8.96 million – about \$1 million under budget. The first four sheds were all replaced by the same contractor. During 2014, tenders were called for the replacement roofs on the Cairns number 2 and Mourilyan sheds in 2015 and 2016. Each of these sheds has its own unique access characteristics. It was decided to award one contract for these two roofs to avoid the need to repeat the process again this year and to provide certainty of pricing. After an extensive evaluation process, the contract was awarded to a different contractor for a sum of approximately \$16 million. Work will commence on the Cairns 2 roof in April 2015 and the Mourilyan shed roof replacement will commence in April 2016. The expenditure will be funded from cash flows and we expect to be able to maintain or increase the level of dividends as per previous announcements

Sugar Marketing

Announced changes to export sugar marketing arrangements from July 2017 continue to be a focus of the Board's deliberations. To ensure the company is fully prepared for the impact of the changes, the Board and management continue to liaise with QSL and other industry stakeholders. While the outcome is still unclear, a range of possible scenarios is being considered to ensure the company is well prepared for any changes.

Dividends

In accordance with Board policy, dividends are declared biannually in March and September. The final dividend for the year ended 30 June 2014 of \$10.8 million (3 cents per share) fully franked based on tax paid of 30% was paid on 30 September 2014. On 19 February 2015 Directors determined that an interim dividend of \$11.16 million (3.1 cents per share) fully franked based on tax paid of 30% will be paid on 31 March 2015.

Yours sincerely

SC Gregory
Chairman