



Sugar Terminals Limited
ABN 17 084 059 601

Half-year Report

31 December 2020



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This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Sugar Terminals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 11
348 Edward Street
BRISBANE QLD 4000

Directors' Report

Your Directors present their report on the entity of Sugar Terminals Limited (STL) for the half-year ended 31 December 2020.

1. Directors

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 G Class appointed Directors and two M Class appointed Directors. In addition, STL has three Independent Directors, including the Company's Chairman.

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

Mr (Alan) Mark Gray
Mr Tony (Anthony) Bartolo
Mr Sam (Salvatore) Bonanno
Mr Ian Davies
Ms Leanne Muller

The following persons were Directors of STL from the beginning of the year until their retirement on 21 October 2020:

Mr Shayne Rutherford
Mr Drew (Donald) Watson

The following persons were appointed as Directors of STL on 21 October 2020 and continue in office at the date of this report:

Mr Stephen Calcagno
Mr Rees Fleming

2. Review of operations and financial performance

STL provides sustainable and globally competitive storage and handling solutions for bulk sugar and other commodities.

The profit attributable to STL shareholders for the half-year ending 31 December 2020 was \$13.6 million, a 1.9% improvement on the corresponding period (2019 \$13.3 million). This result is in line with STL's ongoing ambition to achieve stable, reliable and sustainable returns to our investors, whilst maintaining responsible cost control for customers.

STL revenue for the half-year was \$47.8 million, 2.6% below last year (2019: \$49.0 million). The revenue from bulk sugar handling was \$47.1 million (2019: \$48.3 million), represented by revenue from availability charges of \$25.9 million (2019: \$25.3 million) and revenue from operating and testing charges of \$21.2 million (2019: \$23.0 million), which represent a direct recovery from customers of costs incurred without margin or mark up.

STL continues to deliver value by balancing returns to shareholders with reducing costs to customers and a strategic focus on the future. Highlights for the half-year are as follows:

- STL's terminals received 3.6 million tonnes of raw sugar in the six months to 31 December 2020, with a peak storage of 2.2 million tonnes
- full year operating costs for the terminals are on track to be lower than last year, reflecting an ongoing commitment to reduce costs whilst maintaining service levels
- STL continues to work with Queensland Sugar Limited (QSL) to implement commercial and operational best practice at its terminal operations, realising productivity and efficiency improvements to drive down costs, and expand other income opportunities
- STL signed an agreement with Gladstone Ports Corporation (GPC) to commence detailed design on a Common User Infrastructure (CUI) facility at the Port of Bundaberg, which if the project proceeds, will enable STL to grow its service offering to customers with other commodities
- completed the roof replacement works at the Mackay terminal safely, on time and on budget. A two-year \$22M roof replacement investment at the Townsville terminal will commence on site in March 2021. This project represents the final component of a \$100 million reroofing program that has seen STL rejuvenate its storage and export operations

- new CEO David Quinn commenced with STL on the 22 October 2020, bringing to STL significant experience in supply chain logistics, asset management and business expansion

STL has in place various contractual arrangements which underpin its future operations. STL has storage and handling agreements with Queensland's six raw sugar marketers, directly providing storage and handling services. These agreements expire in June 2022, with an option to extend for a further twelve months. STL also has in place an operating agreement with QSL as its key operations contractor, with a term to 30 June 2024. The term of this agreement extends by twelve months from 1 July each year, with STL able to terminate the agreement at the end of the term with three years notice.

COVID-19

The Queensland sugar industry and STL's operations have not, to date, suffered significant impacts because of the global pandemic caused by COVID-19. Under its risk management framework, STL is continually assessing the impacts of COVID-19, including potential adverse scenarios and STL has mitigation plans in place to facilitate the ongoing operations at all six bulk commodity terminals, should any issues arise.

3. Dividends

On the 4 March 2021, Directors determined that an interim ordinary dividend of 3.6 cents per fully paid share (\$12.96 million), fully franked based on tax paid at 30%, will be paid on 31 March 2021 to shareholders whose names are recorded on the Register on 12 March 2021. This dividend is in line with the previous corresponding period.

4. Significant changes

There were no significant changes in the nature of the STL's principal activities during the half-year ending 31 December 2020.

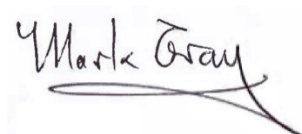
5. Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporation Act 2001* is set out on page 5.

6. Rounding of amounts

The Company is of a kind referred to in ASIC legislative instrument 2016/191, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument, or in certain cases, to the nearest dollar.

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



A M Gray
Chairman

Brisbane
4 March 2021

Auditor's independence declaration



Auditor's Independence Declaration

As lead auditor for the review of Sugar Terminals Limited for the half-year ended 31 December 2020, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Ben Woodbridge', written over a light blue horizontal line.

Ben Woodbridge
Partner
PricewaterhouseCoopers

Brisbane
4 March 2021

Statement of comprehensive income

For the half-year ended 31 December 2020

	Notes	Half-year 2020 \$'000	2019 \$'000
Revenue from continuing operations	3	47,776	49,046
Operating expenses		(18,798)	(20,666)
Depreciation expenses		(6,757)	(6,557)
Insurance expense		(1,552)	(1,353)
Employee benefits expense		(686)	(717)
Professional fees expense		(354)	(476)
Net gain/ (loss) on disposal of plant & equipment		-	(9)
Other expenses		-	-
Operating profit		19,629	19,268
Finance Costs		(64)	(66)
Profit before income tax		19,565	19,202
Income tax expense		(5,989)	(5,880)
Profit for the period		13,576	13,322
Other comprehensive income		-	-
Total comprehensive income		13,576	13,322
		2020 Cents	2019 Cents
Earnings per share from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share		3.77	3.70

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

Statement of financial position

As at 31 December 2020

	Notes	31 December 2020 \$'000	30 June 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents		24,446	30,601
Trade and other receivables		2,793	1,557
Other financial assets		7,000	7,000
Total current assets		34,239	39,158
Non-current assets			
Property, plant and equipment		333,431	333,525
Right of use asset		1,934	2,048
Total non-current assets		335,365	335,573
Total assets		369,604	374,731
Liabilities			
Current liabilities			
Trade and other payables	6	19,774	26,043
Current tax liabilities		196	497
Lease liabilities		146	150
Total current liabilities		20,116	26,690
Non-current liabilities			
Net deferred tax liabilities		11,680	10,759
Lease liabilities		3,084	3,174
Total non-current liabilities		14,764	13,933
Total liabilities		34,880	40,623
Net assets		334,724	334,108
Equity			
Contributed equity		317,628	317,628
Retained earnings		17,096	16,480
Total equity		334,724	334,108

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the half-year ended 31 December 2020

	Notes	Contributed equity \$'ooo	Retained earnings \$'ooo	Total \$'ooo
2020				
Balance at 30 June 2020		317,628	16,480	334,108
Profit for the half-year		-	13,576	13,576
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	13,576	13,576
Transactions with owners in their capacity as owners				
Dividends provided for or paid	4	-	(12,960)	(12,960)
Total equity as at 31 December 2020		317,628	17,096	334,724
2019				
Balance at 30 June 2019		317,628	16,239	333,867
Change in accounting policy		-	(852)	(852)
Restated total equity as at 1 July 2019		317,628	15,387	333,015
Profit for the half-year		-	13,322	13,322
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	13,322	13,322
Transactions with owners in their capacity as owners				
Dividends provided for or paid	4	-	(12,600)	(12,600)
Total equity as at 31 December 2019		317,628	16,109	333,737

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

Statement of cash flows

For the half-year ended 31 December 2020

	Notes	Half-year 2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		63,162	65,557
Payments to suppliers and employees (inclusive of goods and services tax)		(27,114)	(33,289)
		36,048	32,268
Interest received		113	170
Interest paid		(64)	(66)
Income taxes paid		(5,370)	(6,933)
Net cash inflow from operating activities		30,727	25,439
Cash flows from investing activities			
Payments for property, plant & equipment		(23,828)	(8,857)
Proceeds (purchases) of financial assets		-	(5,000)
Net cash (outflow) from investing activities		(23,828)	(13,857)
Cash flows from financing activities			
Dividends paid to Company's shareholders	4	(12,960)	(12,600)
Principle element of lease payment		(94)	(122)
Net cash (outflow) from financing activities		(13,054)	(12,722)
Net (decrease) increase in cash and cash equivalents		(6,155)	(1,140)
Cash and cash equivalents at the beginning of the financial year		30,601	19,883
Cash and cash equivalents at the end of the year		24,446	18,743

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

Notes to Financial Statements

31 December 2020

Note 1 Basis of preparation of half-year report

This interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Sugar Terminals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period. STL did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Note 2 Segment information

Operating segments

STL's 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 tax.

Note 3 Revenue

(a) Disaggregation of revenue from contracts with customers

	Storage & handling – raw sugar \$'000	Storage & handling – other \$'000	Interest revenue \$'000	Total \$'000
Half-year 2020				
At a point in time	-	98	45	143
Over time	47,119	514	-	47,633
	47,119	612	45	47,776
Half-year 2019				
At a point in time	-	38	150	188
Over time	48,345	513	-	48,858
	48,345	550	150	49,046

(b) Revenue recognised in relation to contract liabilities

	Half-year 2020 \$'000	2019 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Storage and handling – raw sugar	4,324	1,741

Note 4 Capital Management

	Half-year	
	2020	2019
	\$'000	\$'000
a) Dividends paid on ordinary shares during the year		
Final fully franked dividend for the year ended 30 June 2020 of 3.6 cents per share (2019 3.5 cents)	12,960	12,600
	12,960	12,600
b) Dividends not recognised at end of the half-year		
Since the end of the half year, the Directors have determined that a fully franked dividend of 3.6 cents per fully paid ordinary share (2020 3.6 cents), fully franked based on tax paid at 30%. The aggregate amount of the interim dividend to be paid on 31 March 2021 (to shareholders whose names are recorded on the register on 12 March 2021), but not recognised as a liability at the end of the half-year, is \$12.96 million	12,960	12,960

Note 5 Economic dependency

STL depends on six customers for 99% of its revenue via income from storage and handling agreements.

Note 6 Related party transactions

	Half-year	
	2020	2019
	\$	\$
a) Transactions with other related parties		
The following transactions occurred with other related parties:		
Provision of services to shareholders	46,719,719	47,758,559
Purchase of services from shareholders	22,811,973	30,619,853
b) Outstanding balances arising from sales/ purchases		
The following balances (inclusive of any goods and services tax) are outstanding at the end of the reporting period in relation to transactions with related parties:		
Current receivables (provision of services to shareholders)	-	4,148,488
Current payables (purchase of services from shareholders)	3,111,809	3,107,456
Prepaid revenue from shareholders	14,341,578	10,644,178

c) Terms and conditions

The transactions have been recorded in accordance with the terms and conditions included in the storage and handling agreements.

Note 7 Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

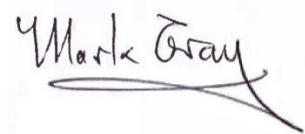
Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages x to x 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 31 December 2020 and of its performance for the half-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.



A M Gray
Chairman

Brisbane
4 March 2021

Independent auditor's review report



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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Sugar Terminals Limited (the Company) which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Sugar Terminals Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers
PricewaterhouseCoopers

Ben Woodbridge
Ben Woodbridge
Partner

Brisbane
4 March 2021



Sugar Terminals Limited

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