



Half-year Report

31 December 2021



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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 2021 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 2021.

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 (Chairman)

Mr Tony (Anthony) Bartolo

Mr Sam (Salvatore) Bonanno

Mr Stephen Calcagno

Mr Ian Davies

Ms Leanne Muller

Mr Rohan Whitmee

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 2021 was \$13.8 million, a 1.3% improvement on the corresponding period (2020 \$13.6 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 \$50.2 million, 5% above last year (2020: \$47.8 million). The revenue from bulk sugar handling was \$49.4 million (2020: \$47.1 million), represented by revenue for availability charges of \$26.3 million (2020: \$25.9 million) and revenue from operating and testing charges of \$23.1 million (2020: \$21.2 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. In particular, STL remains focused on achieving commercial and operational best practice at its terminal operations, controlling costs and expanding other income opportunities.

Highlights for the half-year are as follows:

- maintained STL's high customer service levels and kept the team safe despite the ongoing impacts of the COVID-19 pandemic.
- STL's terminals received and outloaded 5.6 million tonnes of raw sugar in the six months to 31 December 2021, 3.1% above last year (2020: 5.4 million tonnes).
- STL reached a major milestone with the proposed common user infrastructure project at the Port of Bundaberg, with detailed plans completed and an open tender released to the market. In partnership with Gladstone Ports Corporation and with \$10 million in government funding, STL aims to deliver infrastructure that will expand on existing cargo handling capabilities in Bundaberg in an attempt to offset lower sugar volumes. A final investment decision on the project will be made in the coming months.
- the roof replacement investment on Shed 2 at the Townsville terminal was completed safely, on time and on budget. Works on Shed 1 will commence on site in March 2022. This project represents the final component of a \$100 million reroofing program that has seen STL rejuvenate its storage and export operations for the long term.

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 which detail the terms of our storage and handling services. These agreements expire on 30 June 2022. STL commenced engaging with its customers on the terms of a new Storage and Handling Agreement in August 2021, with the new agreement to be finalised prior to coming into effect from 1 July 2022.

STL also has in place an operating agreement with QSL as its key operations contractor, with a term to 30 June 2025. The term of this agreement extends by twelve months from 1 July each year, with STL able to terminate the agreement with a minimum 36 months' notice.

COVID-19

STL's operations and the Queensland sugar industry has to date not suffered significant impacts as a result of the global pandemic caused by COVID-19. STL's risk management framework ensures that the company is continually assessing the impacts of COVID-19, including potential adverse scenarios and has mitigation plans in place to facilitate the ongoing operations at all six bulk commodity terminals.

There were no significant changes in the nature of the STL's principal activities during the financial half year.

3. Dividends

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

	Half-year ended December	
	2021	2020
	\$'000	\$'000
Final dividend for the year ended 30 June 2021 3.6 cents per share (2020 - 3.6 cents per share), fully franked based on tax paid of 30%, paid on 30 September 2021	12,960	12,960
	12,960	12,960

On the 3 March 2022, the Directors determined that an interim ordinary dividend of 3.7 cents per fully paid share (\$13.32 million), fully franked based on tax paid at 30%, will be paid on 31 March 2022 to shareholders whose names are recorded on the Register on 11 March 2022. This dividend is in line with the previous corresponding period.

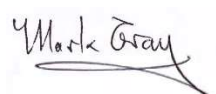
4. Auditor's independence declaration

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

5. 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



AM Gray
Chairman

Brisbane
3 March 2022

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 2021, 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 that reads 'Michael Crowe' with a stylized flourish at the end.

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
3 March 2022

Statement of comprehensive income

For the half-year ended 31 December 2021

	Notes	Half-year ended December	
		2021 \$'000	2020 \$'000
Revenue from continuing operations	3	50,181	47,776
Operating expenses		(20,038)	(18,798)
Depreciation expenses		(7,063)	(6,757)
Insurance expense		(1,821)	(1,552)
Employee benefits expense		(906)	(686)
Professional fees expense		(468)	(354)
Operating profit		19,885	19,629
Finance Costs		(64)	(64)
Profit before income tax		19,821	19,565
Income tax expense		(6,066)	(5,989)
Profit for the period		13,755	13,576
Other comprehensive income		-	-
Total comprehensive income		13,755	13,576
		2021 Cents	2020 Cents
Earnings per share from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share		3.82	3.77

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

Statement of financial position

As at 31 December 2021

	Notes	31 December 2021	30 June 2021
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		16,073	22,068
Trade and other receivables		6,637	2,768
Current tax assets		-	1,057
Other financial assets		15,000	7,000
Total current assets		37,710	32,893
Non-current assets			
Property, plant and equipment		336,911	339,025
Intangible assets		613	609
Right of use asset		1,859	1,897
Total non-current assets		339,383	341,531
Total assets		377,093	374,424
Liabilities			
Current liabilities			
Trade and other payables	4	23,150	22,498
Current tax liabilities		823	-
Lease liabilities		145	145
Total current liabilities		24,118	22,643
Non-current liabilities			
Net deferred tax liabilities		13,823	13,402
Lease liabilities		3,046	3,068
Total non-current liabilities		16,869	16,470
Total liabilities		40,987	39,113
Net assets			
Equity			
Contributed equity		317,628	317,628
Retained earnings		18,478	17,683
Total equity		336,106	335,311

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

Statement of changes in equity

For the half-year ended 31 December 2021

	Notes	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2021		317,628	17,683	335,311
Profit for the half-year		-	13,755	13,755
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	13,755	13,755
Transactions with owners in their capacity as owners				
Dividends provided for or paid	5	-	(12,960)	(12,960)
Total equity as at 31 December 2021		317,628	18,478	336,106
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	5	-	(12,960)	(12,960)
Total equity as at 31 December 2020		317,628	17,096	334,724

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 2021

	Notes	Half-year ended December	
		2021	2020
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		68,206	63,162
Payments to suppliers and employees (inclusive of goods and services tax)		(33,673)	(27,114)
		<u>34,533</u>	<u>36,048</u>
Interest received		16	113
Interest paid		(64)	(64)
Income taxes paid		(3,764)	(5,370)
Net cash inflow from operating activities		<u>30,721</u>	<u>30,727</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(15,734)	(23,828)
Purchases of financial assets		(8,000)	-
Sale of property, plant & equipment and leasehold land		-	-
Net cash (outflow) from investing activities		<u>(23,734)</u>	<u>(23,828)</u>
Cash flows from financing activities			
Dividends paid to Company's shareholders	5	(12,960)	(12,960)
Principle element of lease payment		(22)	(94)
Net cash (outflow) from financing activities		<u>(12,982)</u>	<u>(13,054)</u>
Net (decrease) increase in cash and cash equivalents		<u>(5,995)</u>	<u>(6,155)</u>
Cash and cash equivalents at the beginning of the financial year		22,068	30,601
Cash and cash equivalents at the end of the year		<u>16,073</u>	<u>24,446</u>

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

Notes to Financial Statements

31 December 2021

Note 1 Significant accounting policies

Basis of preparation of half-year report

This interim financial report for the half-year reporting period ended 31 December 2021 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 2021 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 net profit after 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 ended December 2021				
At a point in time	-	155	12	167
Over time	49,392	622	-	50,014
	49,392	777	12	50,181
Half-year ended December 2020				
At a point in time	-	98	45	143
Over time	47,119	514	-	47,633
	47,119	612	45	47,776

(b) Revenue recognised in relation to contract liabilities

	Half-year ended December	
	2021	2020
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Storage and handling – raw sugar	4,430	4,324
Storage and handling – other	133	133
	4,563	4,457

Note 4 Trade and other payables

	31 December 2021	30 June 2021
	\$'000	\$'000
Trade and other payables	5,055	17,935
Contract liability – deferred revenue	18,095	4,563
	23,150	22,498

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amount of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 5 Capital Management

	Half-year ended December	
	2021	2020
	\$'000	\$'000
(a) Dividends paid on ordinary shares during the period		
Final fully franked dividend for the year ended 30 June 2021 of 3.6 cents per share (2020 3.6 cents)	12,960	12,960
	12,960	12,960
(b) Dividends not recognised at end of the period		
Since the end of the half year, the Directors have determined a fully franked dividend of 3.7 cents per fully paid ordinary share (2021 3.6 cents), fully franked based on tax paid at 30%. The aggregate amount of the interim dividend to be paid on 31 March 2022 (to shareholders whose names are recorded on the register on 11 March 2022), but not recognised as a liability at the end of the half-year, is	13,320	12,960

Note 6 Economic dependency

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

Note 7 Related party transactions

Half-year ended December

	2021	2020
	\$	\$

(a) Transactions with other related parties

The following transactions occurred with other related parties:

Provision of services to shareholders	49,367,681	46,719,719
Purchase of services from shareholders	22,880,465	22,811,973

(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)	2,059,351	-
Current payables (purchase of services from shareholders)	3,164,350	3,111,809
Prepaid revenue from shareholders	17,737,202	14,341,578

(c) Terms and conditions

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

Note 8 Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

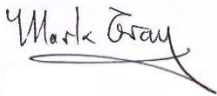
Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 12 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 2021 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.



(Alan) Mark Gray
Chairman

Brisbane
3 March 2022

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 2021, 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 2021 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities 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.

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Auditor's responsibilities 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 2021 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*.

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



Michael Crowe
Partner

Brisbane
3 March 2022



Sugar Terminals Limited

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