Sugar Terminals Limited

Annual Report 2022

Contents

About this Report

This Annual Report for Sugar Terminals Limited (STL) is a summary of the Company's operations, activities and financial position for the year ended 30 June 2022. It complies with Australian reporting requirements and was authorised for issue by the Directors on 25 August 2022. The Directors have the power to amend and reissue the financial statements included in this report.

STL (ABN 17 084 059 601) is a Company limited by shares and is incorporated and domiciled in Australia. Its registered office and principal place of business is Level 11, 348 Edward St, Brisbane, Queensland.

References to the financial year or 'FY' are to the year ended 30 June. All dollar figures are expressed in Australian currency.

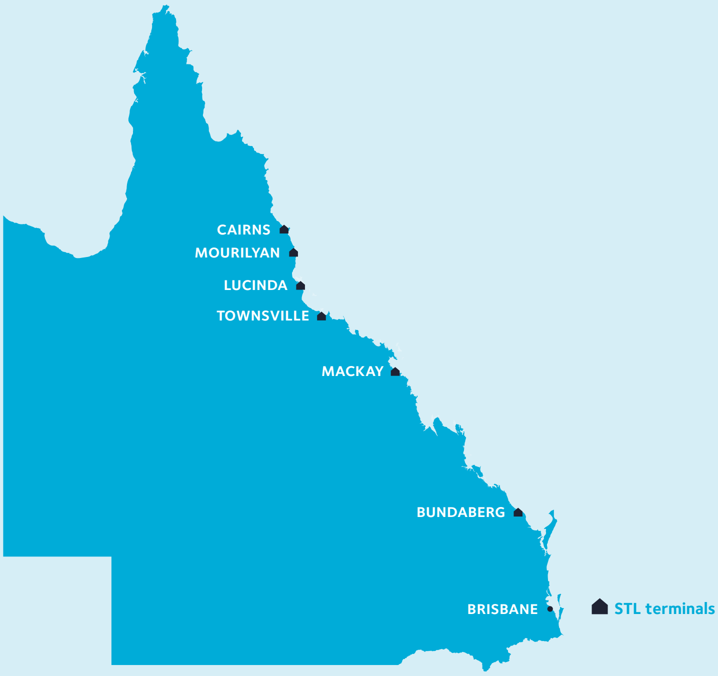
An electronic version of this Report is available at www.sugarterminals.com.au. In consideration of the environment, printed copies of the Annual Report are only posted to shareholders who have requested a copy.

Report objectives
This Annual Report is provided for the benefit of STL's shareholders. It provides a clear and concise summary of STL's performance for the 2022 financial year and outlook for the year ahead. It meets STL's compliance and governance requirements and aims to build awareness of STL's operations and explain the Company's performance against its stated purpose and values.

Annual General Meeting (AGM)
STL will hold its AGM on Wednesday 26 October 2022 at the office of Clayton Utz, Level 28, 71 Eagle Street, Brisbane, Queensland, at 2.00pm (Brisbane time). For those who cannot attend the meeting in person, the AGM will be webcast live to shareholders with a recording of the webcast posted to the STL website following the meeting.

Are you an active grower?

STL encourages increased ownership of the Company by active sugar cane growers and reminds any inactive G Class shareholders of their requirement to divest their shares as per the STL constitution.



About STL

STL provides sustainable and globally competitive storage and handling solutions for bulk sugar and other commodities through its assets at the ports of Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg.

STL is a vital component of Queensland's sugar industry, an industry that generates over $4 billion in direct and indirect value to the Queensland economy and employs more than 22,000 people.

STL's terminals handle in excess of 4 million tonnes of raw sugar and other bulk commodities each year (including molasses, wood pellets, gypsum and silica sands), and provide 2.48 million tonnes of storage capacity.

STL is publicly listed on the National Stock Exchange of Australia (NSX: SUG). It has a market capitalisation in excess of $360 million and over 4,900 shareholders. Share ownership is restricted to sugar industry participants (growers and millers).

Purpose

To be a sustainable, globally competitive provider of storage and handling solutions for bulk sugar and other commodities.

Key success areas

1. Safety, health and environment
Meet our community, stakeholder and regulatory requirements

2. Customer service
Deliver on our promises to customers

3. Financial
Remain competitive and support the financial sustainability of the sugar industry

4. Asset stewardship
Manage the infrastructure to support STL's long term future

5. Innovation and improvement
Implement commercial and operational best practice

6. Income diversification
Maximise the value generated by our assets

7. Working together
Develop effective strategic partnerships

Year in review

STL delivers another solid performance and continues to progress its strategic objectives.

41,824

Train wagons received

42,361

Trucks received

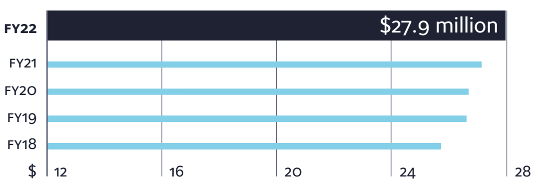
5,359

Trucks dispatched

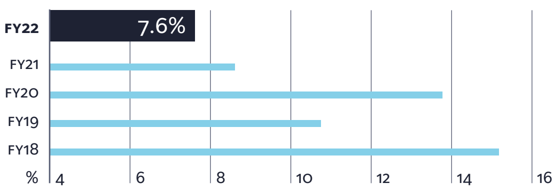
103

Sugar ships loaded

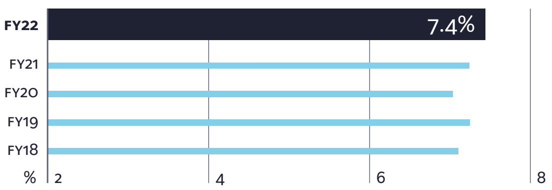
Net profit after tax (NPAT) ($ millions)



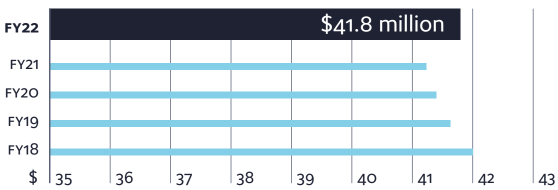
Total shareholder return (%)[2]



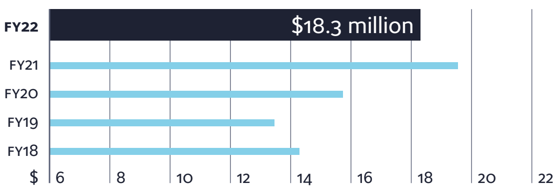
Return on assets (%)[1]



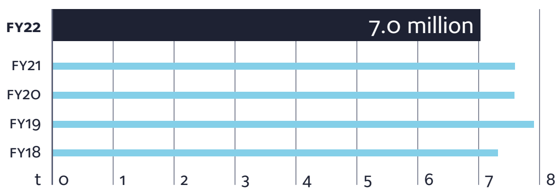
Terminal activity charges ($ millions)[3]



Capital investment ($ millions)



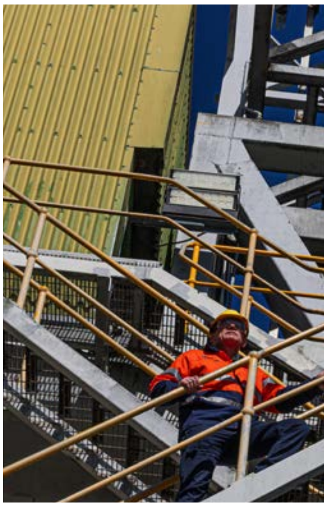
Terminal throughput (Tonne millions)



1 Full year NPAT as a percentage of total assets as at 30 June
2 Full year movement in G class share price plus dividends paid during the year, as a percentage of share price at beginning of the year
3 Activity charges to raw sugar customers, excluding insurance

Chairman's message

It is pleasing to report that STL has delivered another solid financial result, reflecting careful and consistent stewardship of the business. During the year, STL continued to work on improving operational performance and made good progress on its key strategic objectives. These outcomes are essential to ensure the future sustainability and growth of STL to support our customers and shareholders.



Consistent financial results

STL delivered a profit result of $27.9 million for the 2022 financial year, an improvement of 2.7% on the previous 12 months. Total revenue increased 2.8% on prior year to a total of $101.6 million for the FY22 year, on a throughput of over 7 million tonnes.

Importantly, total operating costs increased by only 2.3%, well below the rate of inflation, delivering on our objective of working hard to keep costs competitive for customers.

As at 30 June 2022 STL's share price was $1.03 (FY21: $1.025) and the company paid $26.2 million in dividends (fully franked) for the 12 months to shareholders (FY21: $25.9 million).

Return on assets was also marginally higher at 7.4% (FY21: 7.2%). Over the 5 years since the inception of STL's new business model, the return on assets has averaged 7.2% per annum – an excellent result for shareholders.

Global outlook

While the sugar industry has had a strong year, underpinned by high prices, we are mindful of the need to keep a watchful eye on the weather. Domestically, there are the challenges of increasing costs, long-term declines in sugar production in some areas and ageing assets. Internationally, there is the ever-present threat of competition and the associated impacts on our sugar industry.

In the face of those challenges, we are doing everything possible to proactively manage risks and address the rising costs of operating and maintaining our asset portfolio. We are also focused on future proofing STL's business by continually raising the bar for performance, maintaining the quality of our assets and taking advantage of business development opportunities as they are identified.

New Storage and Handling Agreement

During the year, STL negotiated a new three-year Storage and Handling Agreement with raw sugar customers. The new agreement delivers benefits to customers, whilst ensuring that STL can continue to deliver steady, reliable and sustainable returns to shareholders and invest wisely in the future of our assets. Collectively this provides a sound basis to move forward with renewed confidence to meet the challenges ahead.

Performance improvement

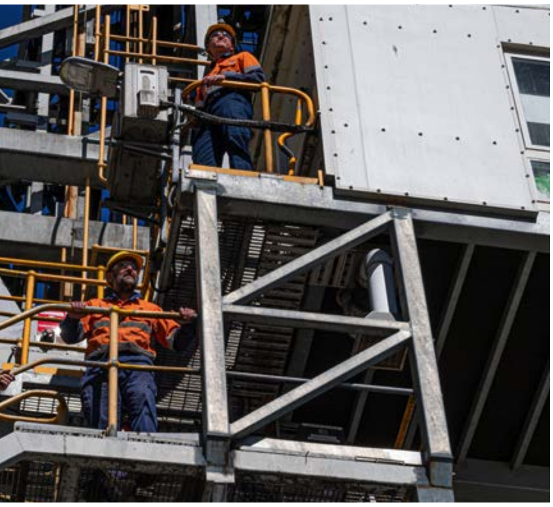
STL retains an ongoing and unerring focus on delivering continuous improvement in operational performance. We continued to work with our operations contractor to identify opportunities to improve efficiency and drive costs lower without adversely impacting the safety of people, the environment or our service offering to customers.

This is consistent with good commercial and operating practices applied by businesses across all sectors of the economy. Anything less would fall short of the high standards necessary to operate STL terminals in the best interests of the sugar industry and shareholders.

Asset management

STL places great importance on its role as custodian of assets which have been funded by industry, and we continue to appropriately invest in the future. As an example, we are now close to concluding the 10-year $100 million roof replacement program which will extend the life of these assets to in excess of 40 years.

STL has recently undertaken a comprehensive review of the condition of our assets. This is the first time such a review has been conducted and will provide a sound basis for determining priorities for capital investment over the next 10 years and beyond. Major works will include replacement of the conveyor



> “An important achievement during the last financial year was the decision to proceed with the common user infrastructure project in Bundaberg.”
>
> **Mark Gray** Chairman

belt at Lucinda, which is now over 40 years old, and upgrading of shiploading equipment at each of the terminals.

Total capital expenditure in FY22 was $18.3 million and we expect to maintain similar levels of investment into the future.

Business development

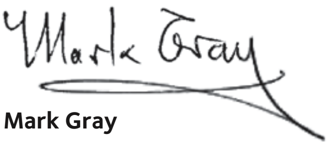
An important milestone during the year was the decision to proceed with construction of new common user infrastructure in Bundaberg. STL led the engagement with the Federal Government which was ultimately successful in a funding commitment of $17.7 million being achieved, and for these funds to be made available to the project via Gladstone Ports Corporation, STL's project partner. Additional funding is being provided by STL and Gladstone Ports Corporation Limited. The site works began in earnest in July 2022 with completion and commissioning scheduled to occur in the current financial year.

This project is an important business development initiative for Bundaberg. While raw sugar storage and handling will remain our core business at the terminal, this facility provides STL with the opportunity to increase asset utilisation and revenues by handling a range of other bulk commodities, such as bulk minerals and agricultural projects.

Acknowledgements

This year's results are a testament to our team's ability to collaborate effectively with our customers, key contractors and important stakeholders such as Mill owners, Canegower organisations, Port authorities and government. I would like to thank our small team of dedicated executives and my fellow directors for their efforts throughout the year.

I would also like to acknowledge the loyalty of our shareholders. Your ongoing support is vital to the future success of the business.



Mark Gray
Chairman

Left STL Chairman Mark Gray.

Right In Bundaberg, new common user infrastructure will be operated and maintained by STL's existing operations contractor.

Chief Executive Officer's report

We continue to make substantial progress towards STL's purpose to be a sustainable, globally competitive provider of storage and handling solutions for bulk sugar and other commodities.

Of particular note over the past 12 months has been the ongoing high levels of availability and reliability of our assets to service our raw sugar and other customers, the securing of new, long-term contracts with our raw sugar customers and the commencement of construction of the common user infrastructure at the Port of Bundaberg to assist STL to diversify its income.

Safety, health and environment

Safety performance is always a priority for STL. Despite the best efforts of our operations contractor, we are disappointed to advise that several incidents occurred during the year resulting in a full year TRIFR rate for terminal operations of 12.5. STL believes every injury is preventable and have redoubled our focus on safety to improve performance for the new financial year.

During the past 12 months, STL invested in a series of external audits to understand the effectiveness of the critical controls at the terminals to mitigate major safety and business interruption risks. The audits and recommendations provided valuable insights into how performance can be even further improved, and this will be a focus for the broader team in the 2023 financial year.

I am pleased to report that the operational performance of our terminals has remained unaffected by the COVID-19 pandemic. We do however remain vigilant and have the controls in place to ensure STL's ability to service the needs of the industry is not compromised.

It is critical that we effectively manage all environmental risks that are inherent in our operations. Pleasingly we experienced no environmental incidents at the STL sites and continue to explore ways to even further improve our performance.

Storage and handling agreement

In June 2022, STL announced that it had signed a new 3-year agreement (with two options to extend for 12 months) with five of its six raw sugar customers with effect from 1 July 2022. The new agreement provides certainty for the industry and delivers a fair and reasonable outcome that balances the diverse interests of all STL's customers, shareholders and other stakeholders. The negotiations relating to the new agreement, which commenced in late 2021, sought to balance the legitimate commercial objectives of all parties.

STL is satisfied that when compared to the 2018 agreement, we have managed to achieve a balance between providing a more favourable outcome for customers whilst still meeting the requirements of the Company and its shareholders. These outcomes include but are not limited to:

- materially increased liability limits which provides additional protections to customers
- ability for customers to claim demurrage and port charges against the liability limits in certain instances
- material changes to domestic storage allocation and pricing regime
- reduced the notification period for transfer of title in raw sugar from 5 days to 1 day
- availability charge refunded to customers where access denied due to STL breach of contract or negligence
- indexing of the excess capital charge

STL is applying the terms and benefits of the new agreement to all customers and this has been in effect since 1 July 2022.

Operational improvement

As the Chairman has described, the relentless focus on operational improvement is critical for STL's future. STL has worked closely with our operations contractor throughout the year to identify ways to improve efficiencies and lower costs while meeting the performance requirements of our customers and other stakeholders. It is vital that we continue to drive this outcome across our portfolio of terminals and ensure the effective management of our assets for the long term.

A key deliverable which STL initiated over the past 12 months was to undertake a thorough 'State of the Assets' report which is designed to provide a comprehensive overview of the condition of STL's infrastructure. The outputs from this report will guide STL's risk analysis of its assets and capital planning. This process and its outputs will be further refined during the current financial year.

From an operational performance perspective, in the 12 months to 30 June 2022, STL continued to deliver value to the industry with a total of 103 sugar ships loaded. Over 7 million tonnes of raw sugar was received and outloaded, with a peak of 1.74 million tonnes of sugar stored at the terminals which represents approximately 71% of capacity and is reflective of sugar marketers decisions to ship rather than store the raw sugar. The terminals handled 42,361 truck movements and 41,824 loaded sugar wagons for the financial year.

Capital investment

During the 2022 financial year STL has continued to invest in our asset portfolio for the long term benefit of the raw sugar industry including the re-roofing of Shed 2 at Townsville which was completed in September 2021. Similar work commenced on Shed 1 in May 2022 and this is on track for completion in September 2022. This will bring

> "In the 12 months to 30 June 2022, STL continued to deliver value to the industry and investment in our assets."
>
> **David Quinn** Chief Executive Officer

STL's Values
We are passionate about being:

Safe
A team that cares for people

Sustainable
Responsible stewards of our assets and the environment, maintaining and creating long term value in the business

Service orientated
Focused on customer satisfaction, cost-efficiency, excellence and quality

Innovative
Future-focused, always improving, flexible, responsive and transforming

Independent
Equitable and honest, acting with integrity, providing open access

to an end a $100 million roof replacement program that has been completed on time and on budget, and the life of the 12 sheds that were re-roofed has now been extended in excess of 40 years. In total over 189,000m² of roofing was replaced.

Planning is now well underway for the complex replacement of the 6km long Lucinda Jetty conveyor belt. It is likely that the actual replacement will occur in FY24 subject to customer shipping requirements.

Business diversification
It is exciting to be able to provide shareholders with an update of the construction works underway on the new common user infrastructure at the Port of Bundaberg. As of the date of this report, the civil works for the new conveyor system are well underway. The construction and installation of the aboveground conveyor system and ship loader modifications are scheduled to commence on site in January 2023 with practical completion targeted for late May 2023. We are aiming to commission the infrastructure with the loading of a non-sugar vessel before 30 June 2023.

The project has significant regional support and I would like to thank all levels of Government and Gladstone Ports Corporation for their support of this important infrastructure for the Wide Bay Burnett region.

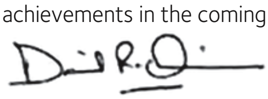
Whilst we remain committed to supporting the sugar industry in the Bundaberg region, the construction of this infrastructure will provide scope to better utilise the STL assets and operational team to support other export orientated opportunities, including bulk minerals, timber products and agricultural commodities.

STL continues to engage with various other non-sugar customers who have expressed an interest in utilising our assets for the loading of alternate products at other sites. As previously communicated, we would only look at such options where it will not compromise our offering to our primary raw sugar customers, does not materially degrade our assets and is commercially advantageous to STL and its shareholders. We will keep shareholders fully informed if and when such opportunities are contemplated.

A dedicated team
In closing, I would like to acknowledge the contributions of the STL management team to deliver on key strategic objectives for the business over the last 12 months as well as their support in positioning STL to manage the challenges we will face in the year ahead.

I have also appreciated the input and direction provided by the Board throughout the past year and we remain committed on delivering for our shareholders into 2023.

I look forward to reporting on further achievements in the coming year.



David Quinn
Chief Executive Officer

Left STL Chief Executive Officer David Quinn.

Right In May, local and State Government dignitaries toured STL's Mackay terminal. *Left to right:* Queensland Minister for Health Yvette D'Ath, STL Grower Director Tony Bartolo, Member for Mackay and Assistant Minister for Health and Regional Health Infrastructure of Queensland Julieanne Gilbert, North Queensland Bulk Ports Chief Executive Officer Nic Fertin, Queensland Premier Annastacia Palaszczuk, and STL Chief Executive Officer David Quinn.

Leadership

Left to Right David Quinn, Stephen Calcagno, Sam Bonanno, Ian Davies, Mark Gray, Tony Bartolo, Leanne Muller, Rohan Whitmee, Richard Hughes, Peter Bolton

(Alan) Mark Gray

Independent Non-executive Chairman

Appointed 7 March 2017

Mark is an accomplished Chairman and Company Director. With a career span of more than 45 years, he is highly experienced across a range of corporate, government and community entities, encompassing an extensive range of board and senior executive appointments. He has previously held executive roles including as Under Treasurer (CEO) of the Queensland Treasury Department, CEO of the Queensland Competition Authority and the Queensland Independent Commission of Audit, Office Head (Queensland) at Macquarie Group and Executive Director with BDO. Mark holds a Bachelor of Economics (First Class Honours) from the University of Queensland and an Honorary Doctorate from Griffith University. He is a Senior Fellow with the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors (AICD).

Current directorships/other interests

Queensland Urban Utilities: *Deputy Chair.* Royal Flying Doctor Service of Australia: *Non-executive Director, Queensland Section, Queensland Foundation and Eastern Operations.* Data#3: *Non-executive Director.* Queensland Cricket: *Non-executive Director.* Northern Australia Infrastructure Facility: *Non-executive Director.*

Tony (Anthony) Bartolo

Non-executive Director appointed by G Class shareholders

Appointed 24 October 2018

Tony is a third generation BMP accredited farmer and has extensive experience in financial services and the sugar industry. He was a Partner of DGL Accountants (from 1999 to 2013), a former Director of Mackay Sugar Limited and is a current Director of Mackay Area Productivity Services. Tony is a graduate member of the AICD, holds a Fellowship of CPA Australia, Bachelor of Commerce (UQ), and a Diploma of Financial Services (Financial Planning).
He is also a Justice of the Peace.

Tony is a member of STL's Finance & Audit Committee.

Current directorships/other interests

Mackay Area Productivity Services: *Director*

Stephen Calcagno

Non-executive Director appointed by G Class shareholders

Appointed 21 October 2020

Stephen is a fourth generation cane farmer, farming 400 hectares of Smartcane BMP accredited cane in the Babinda/ Bellenden Ker district. He is a Graduate Member of the AICD.

Stephen is a member of STL's Safety, Health, Environment & Risk Committee.

Current directorships/other interests

Canegrowers Cairns Region: *Chairman,* Queensland Canegrowers Organisation (QCGO): *Director.*

Sam (Salvatore) Bonanno

Independent Non-executive Director

Appointed 7 March 2017

Sam is an independent management consultant specialising in ports, logistics, infrastructure and mining operations. With more than 40 years' experience in Australia and overseas, his roles encompassed strategic planning, commercial negotiations, operations management, asset management, project management, minerals processing and bulk supply chain management.

He has a Bachelor of Engineering (Mechanical) from Central Queensland University, an Advanced Diploma in Business Management from the Australian Institute of Management and has completed the Supply Chain Management residential program at Stanford University, USA. Sam is a member of the Institute of Engineers and Graduate Member of the AICD.

Sam is the Chair of STL's Safety, Health, Environment & Risk Committee.

Current directorships/other interests

Sugar Research Australia: *Non-executive Director and Chair of the Audit & Risk Committee.* CQUniversity: *Member of the Strategic Planning and Projects Committee, University Council.*

Ian Davies

Non-executive Director appointed by M Class shareholders

Appointed 20 October 2016

Ian is General Manager of Wilmar Sugar Australia's agricultural operations, accountable for farming operations, plant breeding and research and development. His experience has included management roles in a range of industries including finance, supply chain and logistics, sugar and cotton. Ian holds a Bachelor of Applied Science (Rural Technology) as well as postgraduate qualifications in management. He is also a Graduate Member of the AICD.

Ian is a member of STL's Finance & Audit Committee and has previously been a member of STL's Safety, Health, Environment & Risk Committee.

Current directorships/other interests

Burdekin Productivity Services: *Non-executive Director,* Herbert Cane Productivity Services: *Deputy Chair,* Sugar Services: *Deputy Chair,* Plane Creek Productivity Services: *Deputy Chair.*

Leanne Muller

Independent Non-executive Director

Appointed 6 December 2017

Leanne is a highly experienced finance executive with a 30-year career including senior corporate financial management roles and professional advisory services roles. She has previously worked as Chief Financial Officer (or equivalent) for RACQ, Uniting Care Queensland and Energex Limited. Prior to those appointments, Leanne worked for PricewaterhouseCoopers and with the Australian Securities and Investment Commission. Leanne holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants and Graduate Member of the AICD.

Leanne is Chair of STL's Finance & Audit Committee.

Current directorships/other interests

Data#3: *Non-executive Director,* Peak Services: *Non-executive Director,* Guide Dogs Queensland: *Non-executive Director,* Hyne Timber Group: *Non-executive Director.*

Rohan Whitmee

Non-executive Director appointed by M Class shareholders

Appointed 18 June 2021

Rohan is General Manager Procurement Purchasing and Supply for Wilmar Sugar. He is responsible for the commercial and contractual relationships with Wilmar Sugar's suppliers as well as engaging across all Wilmar owned businesses in Australia and New Zealand and the global Wilmar Group. His experience includes engineering, commercial and management roles across industries including mining, infrastructure, aviation, FMCG and agriculture in a number of businesses. He has worked in Australia as well as Indonesia and the US. Rohan holds a Bachelor of Mechanical Engineering (Hons), a Bachelor of Economics from Monash University and an MBA from Melbourne Business School. He is a Graduate Member of the AICD.

Rohan is a member of STL's Safety, Health, Environment & Risk Committee.

Management

David Quinn

Chief Executive Officer

Appointed 22 October 2020

David is a highly regarded executive with more than 25 years' experience in private and public sector organisations with a strong focus in the transport, logistics and shipping sectors. Previous roles included as inaugural CEO of Building Queensland as well as senior executive management roles with Linfox, Asciano Group (Patricks and Pacific National), TasRail, GasNet Australia and BHP. David holds a Bachelor of Economics from the University of Queensland and Bachelor of Laws with Honours from the University of Melbourne. He was admitted as a Barrister and Solicitor in the Supreme Court of Victoria. David is a Graduate Member of the AICD

Peter Bolton

Chief Financial Officer & Company Secretary

Appointed 18 April 2017

Peter has over 20 years' experience in large-scale commercial enterprises in Australia and internationally. Prior to joining STL, Peter held roles as Chief Operating Officer and Chief Financial Officer at Amart Furniture and previously, senior finance and operational roles with Woolworths, including Head of Finance for their liquor division and consumer electronics joint venture with TATA in India. Peter is a CPA and holds a Masters of Management, Bachelor's Degrees in Commerce and Arts and is a Graduate Member of the AICD.

Current directorships/other interests

Rosies Youth Outreach: *Non-executive Director*

Richard Hughes

Assets and Engineering Manager

Appointed 15 March 2021

Richard has over 30 years of international experience in engineering design, construction and asset management for bulk materials handling facilities, heavy industry, transport and utilities. Prior to joining STL, Richard held engineering, project management and asset management roles with government agencies and consulting firms including Urban Utilities, Gold Coast City Council and predecessors of Aurecon and AECOM. Richard holds a Bachelor of Engineering and is a Chartered Professional Engineer, an RPEQ and a Certified ISO 55001 Asset Management Assessor.

Corporate governance statement

STL is committed to good corporate governance, consistent with ASX governance principles. STL's governance framework has evolved with the Company's development and will continue to be refined, in line with the eight principles of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th edition.

This corporate governance statement outlines STL's governance practices and policies and their compliance with the recommendations.

Principle 1: Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Recommendation 1.1: Board Charter

STL's Board Charter provides detailed information on the operation of the Board and is available on the Company's website. The Board reviews its Charter every two years to ensure compliance with legislation and good governance practices.

The respective roles of STL's Board of Directors and its management are set out in the Board Charter. The Board is responsible for the overall direction and affairs of the business. Its role is to govern STL rather than to manage it and its main task is to set the strategic direction of the Company and oversee the performance of the CEO and senior management. Senior management's role is to manage the Company in accordance with the directions and delegations of the Board.

The Chairman oversees the conduct of the Board and its relations with shareholders and other stakeholders.

Recommendation 1.2: Appointments

STL carefully considers the character, experience, qualifications and skill of potential candidates for appointment as independent Directors of the Board and conducts appropriate checks to verify the suitability of candidates prior to their appointment.

STL has developed a Director Application Form matrix which highlights the skills, knowledge and experience necessary for an STL Director and also provides a summary of Director duties. The Director Application Form is available on the Company's website.

STL provides material information relevant to a decision to elect or re-elect a Director in the Notice of Meeting provided to shareholders.

Recommendation 1.3: Written agreements

STL provides all Directors and senior executives with a written letter of appointment that sets out the terms of their appointment.

Recommendation 1.4: Company Secretary

STL's Company Secretary is accountable to the Board, through the Chair. The Company Secretary facilitates STL's corporate governance processes and is responsible for coordinating Board meetings and minutes, for communicating with regulatory bodies, and for all statutory and other filings.

Recommendation 1.5: Diversity policy

STL has a diversity and inclusion policy, which is available on the Company's website. The Company is committed to improving the diversity of its small workforce.

Recommendation 1.6: Board performance

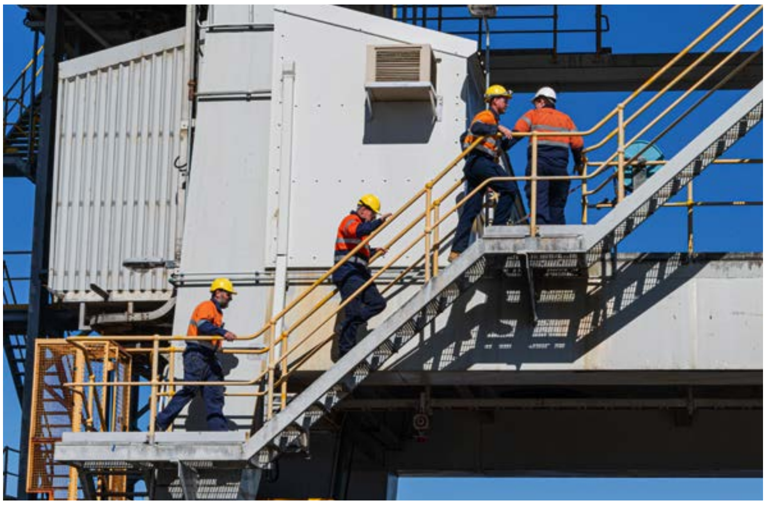
STL's Board recognises its responsibility to conduct regular evaluations of the performance of the Board and individual Directors. Each year, the Board's performance is evaluated against the requirements of the Board Charter and leading practice principles of good governance.

It is STL's policy that, every three years, the Board engages an independent firm with expertise in Board assessment to facilitate the process. The external review includes a review of the performance of the Chairman, individual Directors and Board Committees.

The next review is scheduled to occur in the first half of 2023.

Recommendation 1.7: Senior executive performance

STL's Board evaluates the performance of its senior executives annually against goals, targets and other key performance indicators determined by the Board.



Principle 2: Structure the board to be effective and add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1: Nomination committee

The Board as a whole has responsibility for succession planning and for identifying the character, experience, qualifications and skills required for any new independent Director that is appointed to the Board.

Recommendation 2.2: Skills matrix

STL discloses the profiles of its Board members on its website and in its annual report to shareholders. These profiles set out the skills, experience and qualifications of Directors. STL also provides material information relevant to a decision to elect or re-elect a Director in the Notice of Meeting provided to shareholders.

STL has in place a Director Application Form matrix which highlights the skills, knowledge and experience necessary for an STL Director and also provides a summary of Director duties. The Director Application Form is available on the Company's website.

Recommendation 2.3: Director independence

STL discloses the names, length of service, qualifications and experience of all of its Directors on the Company's website and in its annual report. As detailed in STL's constitution, all Directors have a legal obligation to disclose to the Board any material interest which relates to the business of the Company.

When an issue arises at a Board meeting relating to such an interest, the Board will discuss the matter and where relevant, will require the Director with the disclosed interest to leave the meeting. The matter will then be discussed further by the remaining non-conflicted Directors and any resolution will be made by the non-conflicted Directors.

The Director with the interest will be notified of any resolution following the finalisation of the meeting.

The Company Secretary maintains a Register of Conflicts of Interest.

Recommendation 2.4: Number of independent Directors

STL's constitution requires that the number of Industry Directors appointed by its M Class and G Class shareholders be equal and exceed the number of independent Directors by at least one.

For the entirety of FY22, STL's Board of seven Directors comprised three independent Directors, two Directors appointed by G Class shareholders and two Directors appointed by M Class shareholders.

Recommendation 2.5: Independent Chair

The Board Charter requires that STL appoint an independent, non-executive Director as Chair and STL acts in accordance with the Charter. STL currently has an independent Chairman.

Recommendation 2.6: Director induction and professional development

New Directors undergo a full induction into their role on the Board. STL has a Board Professional Development Policy that requires Directors to undertake the AICD course and relevant assessment within 12 months of joining the Board (if they have not already done so). Directors are required to maintain relevant Director professional development as outlined by the AICD.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1: Values

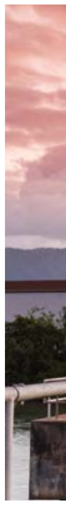
In 2018, the STL Board adopted five core values for the business: Safe, Sustainable, Service orientated, Innovative and Independent. These values reflect the qualities inherent in STL's purpose.

Recommendation 3.2: Board code of conduct

A Directors' code of conduct is included within STL's Board Charter, which is available on the Company website. Any breaches of the code of conduct are advised to the Board.

Left STL's operations contractor has dedicated teams located at each of its sugar terminals in Queensland.

Right Loftus Contracting founder Mark Loftus, E2O Operations Manager Craig Gibbins and STL Chief Executive Officer David Quinn at the common user infrastructure project in Bundaberg.



Recommendation 3.3: Whistleblower policy

STL's whistleblower policy is available on the Company's website. In accordance with this policy, the outcome of any whistleblower-related investigation must be reported to the STL Board, but the identity of the whistleblower must be kept confidential at all times.

Recommendation 3.4: Anti-bribery and corruption policy

STL's Code of Conduct describes required behaviours and responsibilities of all STL Directors and employees. The Code of Conduct requires any issues related to bribery or corruption to be reported to the Board. The Code of Conduct is available on the Company's website.

Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1: Audit committee

STL's Board has a Finance & Audit Committee that comprises of three non-executive Directors.

The Charter of the Committee and the qualifications and experience of Committee members are provided on the STL website. Details regarding the number of Committee meetings held and member attendance are published in STL's annual report.

Recommendation 4.2: CEO & CFO declaration

The CEO and CFO each provide a statement to the STL Board with the half yearly and annual financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 4.3: External audit

STL's annual and half year reports are externally audited by independent auditors. The process is overseen by the Board's Finance & Audit Committee and managed by STL's CFO.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1: Disclosure policy

The Board's commitment to compliance with continuous disclosure under the NSX listing rules is contained within the STL Board Charter, which is available on the Company's website.

Recommendation 5.2: Distribution of material announcements

STL's Company Secretary ensures the Board receives copies of all market sensitive announcements as soon as they have been released to the NSX. Announcements are also published on the STL website.

Recommendation 5.3: Disclosure of new or substantive presentations

Presentations that provide new or substantive information about STL are released to the NSX and posted on the STL website by the Company Secretary in a timely manner.

Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Recommendation 6.1: Website

STL's Company Secretary provides information about the Company, its strategic direction and corporate governance via the STL website: www.sugarterminals.com.au.

Recommendation 6.2: Investor relations program

STL's stakeholder engagement policy requires STL to allocate appropriate resources to give due consideration and respond to concerns of its investors. STL commits to holding three STL Board meetings per year at its bulk sugar terminals and to attempting to visit each terminal within a 2 year timeframe.

Recommendation 6.3: Shareholder participation

STL encourages shareholder attendance at general meetings and welcomes questions from investors. For those who cannot attend the meeting in person, meetings are webcast live to shareholders with a recording of the webcast posted to the STL website following the meeting. The Company Secretary publishes all materials released at the Annual General Meeting on the Company's website.

Recommendation 6.4: Substantive resolutions
All substantive resolutions at a meeting of STL security holders are decided by a poll.

Recommendation 6.5: Electronic communications
STL and its share registry manager Link Market Services provides all shareholders with the option to receive and send Company communications electronically.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1: Risk committee(s)
STL's Board has a Safety, Health, Environment and Risk Committee, which is committed to safeguarding the people and environment associated with STL's operations. The Committee comprises of three non-executive Directors.

The Charter of the Committee and the qualifications and experience of Committee members are available on the STL website. Details regarding the number of Committee meetings and member attendance are published in STL's annual report.w

Recommendation 7.2: Risk review
Through its Safety, Health, Environment and Risk Committee, STL's Board ensures that the Company has an appropriate risk management framework.

STL undertakes an annual review of strategy and operations to update its risk profile in line with the risk appetite set by the Board in conjunction with management.

Recommendation 7.3: Internal audit
The STL Board ensures that the Company has an appropriate risk management framework through its Safety, Health, Environment and Risk Committee, which is responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Recommendation 7.4: Material exposure to environment and social risks
STL assesses its material exposure to environmental and social risks through the STL risk management framework. Where STL has a material exposure to environmental and social risks, these are reported in STL's annual report.

Principle 8: Renumerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Recommendation 8.1: Remuneration committee
The full Board has responsibility for the functions associated with remuneration of Directors and senior executives. Subject to ratification by the Board, the CEO is responsible for overseeing changes to remuneration arrangements, performance targets and assessments for direct reports.

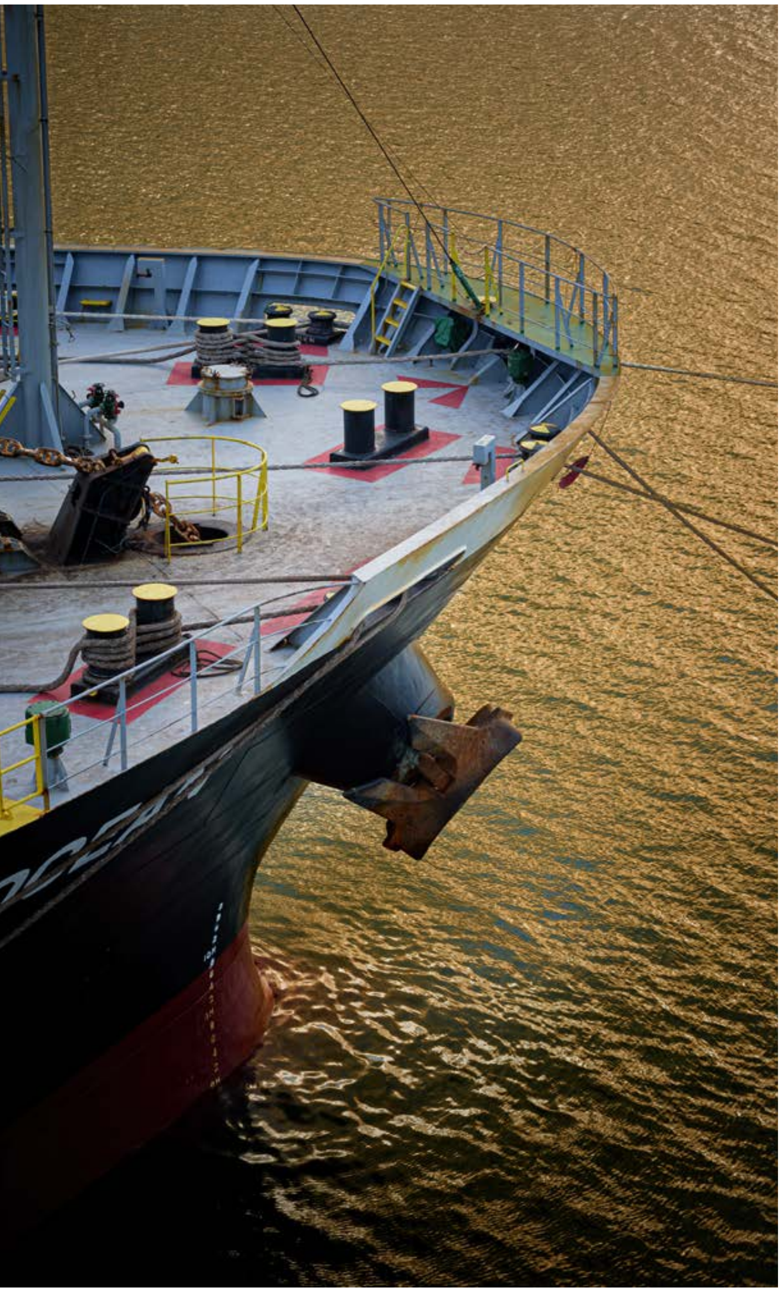
Recommendation 8.2: Remuneration policies and practices
STL sets out its policies and practice for the remuneration of Directors and senior executives in its annual remuneration report, which is published within the Company's annual report.

Recommendation 8.3: Equity-based remuneration
The STL constitution limits shares on issue by the Company to M Class shares and G Class shares. M Class shares can only be issued to Active Millers. G Class shares can only be issued to Active Growers. Due to these limitations, STL does not have an equity-based remuneration scheme.

Left The reroofing of Shed 2 at Townsville was completed in September 2021.

Centre Bulk storage of raw sugar at STL's Mourilyan terminal.

Right The condition of assets at Cairns (left) and Lucinda (right) were reviewed as part of STL's thorough State of the Assets report in FY22STL Chief Executive Officer David Quinn at the common user infrastructure project in Bundaberg.



1 STL terminals loaded 103 sugar ships in FY22.

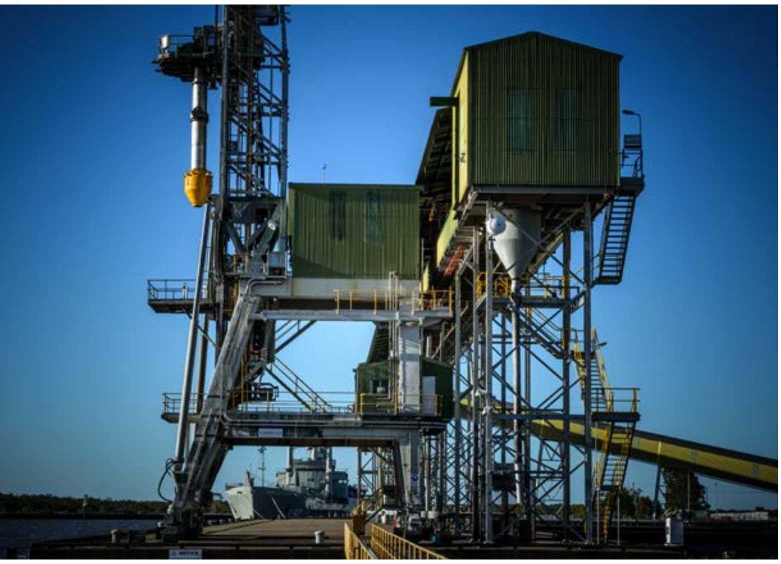
2 Raw sugar will continue to be STL's core business at its Bundaberg terminal.

3 Work on the reroofing of Shed 1 at Townsville terminal will be completed in September 2022.

4 Raw sugar storage at Mackay terminal.

5 Raw sugar conveyors at Lucinda terminal.

6 Raw sugar conveyors at the Cairns terminal.



Directors' report

1 Principal activities

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

Up until 30 June 2022 STL had in place contracts with each raw sugar marketer to provide storage and handling services.

STL has signed a new three-year storage and handling agreement with five of its six raw sugar customers with effect from 1 July 2022. The terms of this new storage and handling agreement will apply to all of STL's raw sugar customers who utilise STL's services during the 3-year term. The agreement expires on 30 June 2025 and includes options to extend for two years.

STL's remaining raw sugar marketing customer, Queensland Sugar Limited (QSL), has not yet signed the new agreement. However, QSL continue to utilise STL's services.

STL has an operating agreement with QSL as its key operations contractor, with a term to 30 June 2026. The term of this agreement extends by twelve months from 1 July each year, with STL able to terminate the agreement with three years' notice.

2 Review of operations and financial performance

STL revenue for the year ended 30 June 2022 was $101.6 million, 2.8% above last year (2021: $98.8 million). The revenue from bulk sugar handling was $99.6 million (2021: $97.5 million), represented by revenue for availability charges of $52.8 million (2021: $51.8 million) and revenue from terminal activity and testing charges of $46.8 million (2021: $45.7 million). Terminal activity and testing charges are a direct recovery, from customers, of costs incurred without margin or mark up. The business' total operating costs were 2.3% above last year which is below the rate of inflation, reflecting STL's ongoing commitment to cost control whilst maintaining service levels to our customers.

The profit attributable to STL shareholders has grown by 2.7% to $27.9 million (2021 $27.1 million). This result is in line with STL's ongoing objective to achieve stable, reliable and sustainable returns to our investors.

Five year comparative performance and financial position is summarised below. STL adopted its current operating model in FY18.

Comparative financial information	**2022 $'000**	**2021 $'000**	**2020 $'000**	**2019 $'000**	**2018 $'000**
Revenue from continuing operations	**101,587**	98,793	97,495	97,180	96,226
Profit attributable to shareholders	**27,857**	27,123	26,654	26,596	25,712
Balance sheet					
Current assets	**28,648**	32,893	39,158	32,379	31,431
Non-current assets	**345,650**	341,531	335,573	330,828	330,810
Current liabilities	**(20,133)**	(22,643)	(26,690)	(19,991)	(20,671)
Non-current liabilities	**(17,277)**	(16,470)	(13,933)	(9,348)	(9,459)
Net assets	**336,888**	335,311	334,108	333,867	332,111

3 Dividends

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

	2022 $'000	**2021 $'000**
Final dividend for the year ended 30 June 2021 of 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
Interim dividend for the year ended 30 June 2022 of 3.7 cents per share (2021 – 3.6 cents per share), fully franked based on tax paid of 30%, paid on 31 March 2022.	**13,320**	12,960
	26,280	25,920

On 25 August 2022, the Directors determined that a final ordinary dividend of $13.32 million (3.7 cents per fully paid share), fully franked based on tax paid at 30%, will be paid on 5th October 2022 to shareholders whose names are recorded on the Register on 16 September 2022.

4 Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 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.

5 Environmental regulation

From 1 July 2017, STL has responsibility for the environmental impact of the terminals and maintains, via the operating agreement with QSL, the environmental licences under the *Environmental Protection Act 1994*.

6 Information on Directors and Company Secretary

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

Mr (Alan) Mark Gray
Mr Tony (Anthony) R Bartolo
Mr Sam (Salvatore) Bonanno
Mr Stephen Calcagno
Mr Ian R Davies
Ms Leanne M Muller
Mr Rohan Whitmee

Mr Peter Bolton is the Company Secretary, and was appointed to the position on the 26 May 2017.

Further information on Directors and the Company Secretary is provided on pages 6 to 7.

7 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 2022, and the numbers of meetings attended by each Director were:

			Eligible to attend			
	Full meetings of directors		**Safety, Health, Environment & Risk Committee Meetings**		**Finance & Audit Committee Meetings**	
	A#	B	A	B	A	B
SG Bonanno	16	16	4	4	*	*
AR Bartolo	16	13	*	*	3	3
IR Davies	16	12	*	*	3	3
AM Gray	16	16	*	*	*	*
LM Muller	16	16	*	*	3	3
S Calcagno	16	12	4	4	*	*
R Whitmee	16	12	4	4	*	*

A Number of meetings held during the time the director held office or was a member of the committee during the year.
B Number of meetings attended.
During the year there were four additional Board meetings that were focused only on the matters related to the negotiation with customers on the 2022 Storage & Handling Agreement. Due to conflicts of interests only the Non-Independent Directors attended all of four of these meetings, with Anthony Bartolo attending only one of the meetings.
***** not a member of the relevant committee for the full year

8 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 remuneration framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns remuneration with the achievement of strategic objectives and the creation of value for shareholders. The Board ensures that remuneration satisfies the following key criteria for good reward governance practices:

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

The Company has structured a remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Directors are not eligible for performance bonuses.

Non-executive Directors

Fees and payments to non-executive Directors reflect the duties and responsibilities of STL Directors. Non-executive Directors' fees are reviewed periodically by the Board. The last market review of independent Director fees was in 2017 in preparation for the new business model and the recruitment of additional independent Directors.

Directors are appointed for a term not exceeding 3 years and each Director is subject to retirement by rotation in line with the constitution. A Director may only be appointed for a maximum of 3 consecutive terms. No notice is required for termination.

Directors' fees

The Directors' remuneration is reviewed with effect from 1 July each year, as set out in the table below. Directors are not entitled to retirement allowances or termination payments.

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 is $550,000 which was approved by shareholders at the STL AGM on the 21 October 2020.

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

	2022	2021
Chairman	$106,182	$103,121
Independent non-executive Directors	$63,709	$61,873
Non-executive Directors appointed by G & M Class shareholders	$63,709	$61,873
Committee Chair Allowance	$5,148	$5,000

Executive pay

The CEO, CFO and Assets & Engineering Manager's employment contracts do not have a minimum term. The CEO's employment contract stipulates a 6 months' notice of termination. Both the CFO and Assets & Engineering Manager's contracts incorporates a 3 months' notice of termination.

The executive pay and reward framework has three components:

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

Base pay

Executives are offered a competitive base pay, which is reviewed annually to ensure the remuneration is in line with the market. In FY22, the Board commissioned an external benchmarking study of executive remuneration to assist in its assessment of the remuneration of key management personnel.

As at 30 June 2022, the fixed remuneration for the CEO is $381,100 (inclusive of superannuation), the CFO is $290,000 (inclusive of superannuation) and the Assets & Engineering Manager is $200,000 (exclusive of superannuation). There are no guaranteed base pay increases fixed into management contracts.

Benefits

No other benefits were paid during the year.

Short-term incentives

Executive pay incorporates the opportunity to earn a short-term performance incentive (STI). Each year the Board considers appropriate key performance indicators and financial and non-financial targets for executives and evaluates performance against these targets. STI payments may be adjusted according to achievements against the targets, at the discretion of the Board.

Executive remuneration does not incorporate any long-term performance incentives.

The following table provides an overview of a number of factors affecting shareholder value over the past five years:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Profit attributable to members of STL	**27,857**	27,123	26,654	26,596	25,712
Dividends (paid during the year)					
Final dividend relating to prior year	**12,960**	12,960	12,600	12,240	11,520
Interim dividend relating to current year	**13,320**	12,960	12,960	12,600	11,880
Earnings per share (basic)	**7.74¢**	7.53¢	7.40¢	7.39¢	7.14¢
Share price at 30 June ($)	**$1.03**	$1.025	$1.01	$0.95	$0.92

Details of remuneration

Details of the remuneration of each Director and executives of STL are set out in the following tables.

2022

Name	Short-term benefits: Cash salary and fees $	Bonus $	Leave benefits[1] $	Non-monetary benefits $	Other – termination benefit $	Post-employment benefits (Superannuation) $	Total $
Non-executive Directors							
AR Bartolo	57,917	–	–	–	–	5,792	63,709
SG Bonanno	62,597	–	–	–	–	6,260	68,857
S Calcagno	57,917	–	–	–	–	5,792	63,709
IR Davies	63,709	–	–	–	–	–	63,709
AM Gray (Chairman)	96,528	–	–	–	–	9,653	106,181
LM Muller	62,597	–	–	–	–	6,260	68,857
R Whitmee	63,709	–	–	–	–	–	63,709
Subtotal non-executive Directors	**464,974**	**–**	**–**	**–**	**–**	**33,757**	**498,731**
Executives							
PM Bolton	262,494	60,755	3,394	–	–	27,500	354,143
R Hughes	200,053	15,400	6,208	–	–	20,451	242,112
D Quinn	353,603	133,385	24,553	–	–	27,500	539,041
Total	**1,281,124**	**209,540**	**34,155**	**–**	**–**	**109,208**	**1,634,027**

2021

Name	Short-term benefits: Cash salary and fees $	Bonus $	Leave benefits $	Non-monetary benefits $	Other – termination benefit $	Post-employment benefits (Superannuation) $	Total $
Non-executive Directors							
AR Bartolo	50,267	–	–	–	–	4,775	55,042
SG Bonanno	59,683	–	–	–	–	5,670	65,353
S Calcagno	39,340	–	–	–	–	3,737	43,077
IR Davies	55,042	–	–	–	–	–	55,042
R Fleming	31,047	–	–	–	–	–	31,047
AM Gray (Chairman)	94,174	–	–	–	–	8,947	103,121
LM Muller	59,683	–	–	–	–	5,670	65,353
SW Rutherford	12,071	–	–	–	–	–	12,071
DA Watson	11,023	–	–	–	–	1,047	12,070
RS Whitmee	2,234	–	–	–	–	–	2,234
Subtotal non-executive Directors	**414,564**	**–**	**–**	**–**	**–**	**29,846**	**444,410**
Executives							
PM Bolton	242,504	53,550	11,542	–	–	25,000	332,596
RG Hughes	60,000	4,468	–	–	–	5,700	70,168
DR Quinn	239,959	63,146	20,398	–	–	16,667	340,170
JP Warda	90,919	–	2,653	–	–	25,000	118,572
Total	**1,047,946**	**121,164**	**34,593**	**–**	**–**	**102,213**	**1,305,916**

Mr Rutherford and Mr Watson ceased as a Director of STL on 21 October 2020 and Mr Calcagno and Mr Fleming commenced as a Director of STL on 21 October 2020.

Mr Fleming ceased as a Director of STL on 21 April 2021 and Mr Whitmee commenced as a Director of STL on 18 June 2021

Mr Warda ceased employment as Chief Executive Officer of STL on 21 October 2020 and Mr Quinn commenced employment as Chief Executive Officer of STL on 22 October 2020.

Mr Hughes commenced as Asset & Engineering Manager of STL on the 15 March 2021.

[1] Leave benefits includes the net movement of short-term benefit such as annual leave

Share-based compensation

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

Additional information

There are no loans to Directors or executives.

End of remuneration report

9 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:

	2022 **$**	2021 $
PricewaterhouseCoopers Australian firm:		
Taxation advice:	**–**	21,420

10 Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 18.

11 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.

12 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*.

13 Rounding of amounts

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

14 Auditor

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

Mark Gray

(Alan) Mark Gray
Chairman
Brisbane
25 August 2022
This report is made in accordance with a resolution of the Directors.

Auditor's independence declaration

Auditor's Independence Declaration

As lead auditor for the audit of Sugar Terminals Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

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

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

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
25 August 2022

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

30 June 2022

Annual financial report

Statement of comprehensive income

For the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Revenue from continuing operations	2	**101,587**	98,793
Operating expenses	3	**(40,513)**	(40,810)
Depreciation expenses	3	**(14,148)**	(13,509)
Insurance expense		**(3,631)**	(3,113)
Employee benefits expense	3	**(1,787)**	(1,431)
Professional fees expense		**(1,212)**	(710)
Net gain/ (loss) on disposal of plant & equipment		**(34)**	(2)
Operating profit		**40,262**	39,218
Finance costs	11	**(127)**	(128)
Profit before income tax		**40,135**	39,090
Income tax expense	4	**(12,278)**	(11,967)
Profit for the year		**27,857**	27,123
Other comprehensive income		**–**	–
Total comprehensive income		**27,857**	27,123

		2022 Cents	2021 Cents
Earnings per share from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share	5	**7.74**	7.53

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

Statement of financial position

For the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents	6	**18,489**	22,068
Trade and other receivables	8	**3,159**	2,768
Current tax assets		**–**	1,057
Other financial assets	7	**7,000**	7,000
Total current assets		**28,648**	32,893
Non-current assets			
Property, plant and equipment	9	**341,736**	339,025
Intangible assets	10	**2,094**	609
Right-of-use asset	11	**1,820**	1,897
Total non-current assets		**345,650**	341,531
Total assets		**374,298**	374,424
Liabilities			
Current liabilities			
Trade and other payables	12	**18,028**	22,498
Current tax liabilities		**1,962**	-
Lease liabilities	11	**143**	145
Total current liabilities		**20,133**	22,643
Non-current liabilities			
Net deferred tax liabilities	13	**14,252**	13,402
Lease liabilities	11	**3,025**	3,068
Total non-current liabilities		**17,277**	16,470
Total liabilities		**37,410**	39,113
Net assets		**336,888**	335,311
Equity			
Contributed equity	15	**317,628**	317,628
Retained earnings	16	**19,260**	17,683
Total equity		**336,888**	335,311

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

Statement of changes in equity

For the year ended 30 June 2022

	Notes	Contributed equity $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2020		317,628	16,480	334,108
Profit for the year		–	27,123	27,123
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	27,123	27,123
Transactions with owners in their capacity as owners				
Dividends provided for or paid	14	–	(25,920)	(25,920)
Balance at 30 June 2021		317,628	17,683	335,311
Profit for the year		–	27,857	27,857
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	27,857	27,857
Transactions with owners in their capacity as owners				
Dividends provided for or paid	14	–	(26,280)	(26,280)
Balance at 30 June 2022		317,628	19,260	336,888

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 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**109,027**	106,606
Payments to suppliers and employees (inclusive of goods and services tax)		**(57,706)**	(50,366)
		51,321	56,240
Interest received		**45**	128
Interest paid		**(127)**	(128)
Income taxes paid		**(8,410)**	(10,879)
Net cash inflow from operating activities	23	**42,829**	45,361
Cash flows from investing activities			
Payments for property, plant & equipment		**(20,083)**	(27,862)
Proceeds (purchases) of financial assets		**–**	–
Net cash (outflow) from investing activities		**(20,083)**	(27,862)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(26,280)**	(25,920)
Principle element of lease payment		**(45)**	(112)
Net cash (outflow) from financing activities		**(26,325)**	(26,032)
Net (decrease) increase in cash and cash equivalents		**(3,579)**	(8,533)
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	6	**18,489**	22,068

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

Notes to financial statements

30 June 2022

About this report

The principal accounting policies that STL has adopted in preparation of the financial report are set out below and in the following notes to the financial statements. These policies are consistent with those of the previous financial year, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. STL is a for-profit entity for the purpose of preparing these financial statements.

Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, and certain classes of property, plant and equipment which have been measured at fair value.

New and amended standards adopted by STL

STL has adopted all new and revised accounting standards and interpretations issued by the AASB that are relevant to STL and to be implemented for an accounting period that begins on or after 1 July 2021.

New standards and interpretations not yet adopted

There are no other standards that are not yet effective and that would be expected to have a material impact on STL in the current or future reporting periods and on foreseeable future transactions.

Going concern

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

STL signed a new three-year storage and handling agreement with five of its six raw sugar customers with effect from 1 July 2022. The terms of this new storage and handling agreement will apply to all of STL's raw sugar customers who utilise STL's services during the 3-year term. The agreement expires on 30 June 2025 and includes options to extend for two years.

STL's remaining raw sugar marketing customer, Queensland Sugar Limited (QSL), has not yet signed the new agreement. However, QSL continue to utilise STL's services.

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

Functional and presentation currency

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

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, or payable to, the taxation authority is included with other receivables or other 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.

Significant judgements and estimates

In the process of applying STL's accounting policies, management is required to exercise its judgement and apply estimates of future events.

The areas involving significant estimates or judgements are the application of accounting policies including revenue (note 2), asset capitalisation (Note 9 and Note 10), leasing (Note 11) and the estimation of environmental remediation in contingent liabilities (Note 18). Furthermore, STL has made the judgement that all customers will continue to utilise STL's storage and handling services and will pay for these services accordingly.

COVID-19

STL's operations and the Queensland sugar industry has not, to date, 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 sugar terminals.

Rounding of amounts

STL is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Corporate information

A description of the Company's operations and its principal activities is included in the review of operations and activities on page 13 of the Directors' report which is not part of this financial report.

The financial report was authorised for issue by the Directors on 25 August 2022. The Directors have the power to amend and reissue the financial report.

All press releases, financial reports and other information are available on the Company website www.sugarterminals.com.au. STL 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

Note 1 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 2 Revenue

a) Disaggregation of revenue from contracts with customers

	Storage & handling – raw sugar $'000	Storage & handling – other $'000	Other income $'000	Total $'000
2022				
At a point in time	**–**	**218**	**653**	**871**
Over time	**99,557**	**1,158**	**–**	**100,716**
	99,557	**1,376**	**653**	**101,587**
2021				
At a point in time	–	177	67	244
Over time	97,542	1,007	–	98,549
	97,542	1,184	67	98,793

b) Revenue recognised in relation to contract liabilities

	2022 $'000	2021 $'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

STL measures revenue at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid. STL revenue is recognised for the major business activities as follows:

c) Revenue from contracts with customers

Storage and handling services - raw sugar:
In the storage and handling contracts with raw sugar customers, there is a single performance obligation for STL to stand-ready to provide capacity to its customers for an integrated service of providing storage, receiving, outloading and testing during the financial year. The key factor that leads to the determination of a single stand-ready performance obligation is STL's commitment to provide customers with storage capacity for a 12 month period based upon a defined nomination process. There are no limits on activity (receival or outloading) services or the timing of those services.

Revenue from storage and handling agreements with raw sugar customers is recognised using a straight-line method, as storage and handling facilities are available and utilised by customers over a 12 month period. While there are peak months of receipts during harvest season, the stand ready arrangements provide customers with the flexibility to make real time economic decisions on storage and handling of raw sugar dependent on market conditions. Customers benefit from STL standing ready to satisfy the performance obligation and are therefore considered to derive equal value throughout the contract period.

The activity (receival or outloading) and testing services provided by STL for raw sugar are not considered to be distinct from the overall integrated storage and handling service obligations of STL to provide customers with a capped volume of available capacity throughout the year.

Other customer specific charges are not considered to be performance obligations in the contract on the basis that they are not performed until requested by the customer. Such services are accounted for as revenue when performed.

Storage and handling services - other:
Revenue from other storage and handling services are recognised either using a straight-line method or at a point in time, depending upon the type of services provided.

d) Other revenue

Other revenue is comprised of the following:

Interest revenue:

Interest revenue is recognised as it accrues using the effective interest rate method.

Other revenue:

During FY22 STL received a grant from Queensland Rural and Industry Development Authority (QRIDA) under the Large Customer Adjustment Program.

STL has recognised revenue from executing a Deed with the Federal Government (Defence) to provide access rights to the Cairns wharf (including the ability to demolish the northern dolphin) to facilitate the $155 million upgrade to HMAS Cairns.

Note 3 Expenses

	2022 $'000	2021 $'000
Profit before income tax includes the following specific expenses:		
Expenses		
Operating expenses		
Operations contractor fee	**37,223**	37,399
Analytical services fee	**1,399**	1,489
Outgoings and licence fees	**1,646**	1,718
Other operating expenses	**245**	204
Total operating expenses	**40,513**	40,810
Employee benefit expense		
Defined contribution superannuation	**123**	113
Employee remuneration and other benefits	**1,664**	1,318
Total employee benefit expense	**1,787**	1,431
Depreciation		
Plant & equipment	**14,068**	13,433
Intangible assets	**4**	–
Right-of-use-assets	**76**	76
Total depreciation	**14,148**	13,509

Operations contractor fee

STL currently achieves outcomes at its six bulk sugar terminals through the agreement with QSL as an operations contractor, with a term to 30 June 2026. The term of this agreement extends by 12 months from 1 July each year, with STL able to terminate the agreement with three years notice.

Analytical services

STL has in place an agreement with Gateway Laboratories for the supply of analytical services, with a term to 30 June 2023.

Post-employment benefits

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

Note 4 Income tax

	2022 $'000	2021 $'000
a) Income tax expense		
Current taxation	**11,399**	9,296
Deferred tax relating to the increase (decrease) of deferred tax liabilities (Note 13)	**(879)**	2,671
	12,278	11,967
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**40,135**	39,090
Income tax calculated at the Australian tax rate of 30% (2020 – 30%)	**12,040**	11,727
Tax effect of permanent differences:		
Non-deductible depreciation	**238**	238
Sundry items	**–**	2
Income tax expense	**12,278**	11,967
Effective tax rate (income tax expense as a percentage of profit before tax)	30.6%	30.6%

Income tax expense for the period is the tax payable on the current period's taxable income based on the current income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Note 5 Earnings per share

	2022 Cents	2021 Cents
a) Basic and diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of STL	**7.74**	7.53
b) Reconciliation of earnings used in calculating earnings per share	**$'000**	$'000
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share from continuing operations	**27,857**	27,123
c) Weighted average number of shares used as the denominator	**Number**	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**360,000,000**	360,000,000

Basic earnings per share

Basic earnings per share is calculated as profit attributable to STL equity holders divided by the weighted average number of ordinary shares.

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.

Note 6 Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and on hand	**18,489**	22,068
	18,489	22,068

a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Balances as above	**18,489**	22,068
Balances per statement of cash flows	**18,489**	22,068

b) Cash at bank and on hand

Cash at bank earns a floating interest rate of 0.85%, which is the rate at 30 June 2022 (2021 – 0.1%).

For cash flow statement presentation purposes:

- cash on hand
- other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

c) Interest rate risk exposure

STL's exposure to interest rate risk is discussed in Note 17.

Note 7 Financial assets

	2022 $'000	2021 $'000
Term deposits	**7,000**	7,000
	7,000	7,000

a) Financial assets

Term deposits earn a weighted average interest rate of 0.23%, which is the average rate on deposits invested at 30 June 2022 (2021 – 0.26%).

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

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

b) Impairment of financial assets

While cash and cash equivalents and other financial assets are also subject to the impairment requirements of AASB 9, no impairment loss was identified.

STL does not have any hedging arrangements.

Note 8 Trade and other receivables

	2022 $'000	2021 $'000
Current		
Trade receivables	**406**	302
Other receivables	**2,753**	2,466
	3,159	2,768

a) Classification

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, less provision for impairment.

b) Fair value and credit risk

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

c) Impairment of trade receivables

STL has financial assets in the form of trade receivables from the provision of storage and handling services. STL applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Based on trading experience and market conditions, STL does not provide for a loss allowance for trade receivables.

Note 9 Property, plant and equipment

	Leasehold land $'000	Buildings, plant and equipment $'000	Under construction $'000	Total $'000
Year ended 30 June 2022				
Opening net book amount	**12,804**	**318,434**	**7,787**	**339,025**
Additions	**–**	**2,519**	**14,294**	**16,813**
Disposals	**–**	**(34)**	**–**	**(34)**
Transfers	**–**	**11,048**	**(11,048)**	**–**
Depreciation charge	**–**	**(14,068)**	**–**	**(14,068)**
Closing net book amount	**12,804**	**317,899**	**11,033**	**341,736**
At 30 June 2022				
Cost	**12,804**	**555,388**	**11,031**	**579,223**
Accumulated depreciation	**–**	**(237,487)**	**–**	**(237,487)**
Net book amount	**12,804**	**317,901**	**11,031**	**341,736**

	Leasehold land $'000	Buildings, plant and equipment $'000	Under construction $'000	Total $'000
Year ended 30 June 2021				
Opening net book amount	12,804	303,296	17,425	333,525
Additions	–	5,031	13,904	18,935
Disposals	–	(2)	–	(2)
Transfers	–	23,542	(23,542)	–
Depreciation charge	–	(13,433)	–	(13,433)
Closing net book amount	12,804	318,434	7,787	339,025
At 30 June 2021				
Cost	12,804	541,935	7,787	562,526
Accumulated depreciation	–	(223,501)	–	(223,501)
Net book amount	12,804	318,434	7,787	339,025

Non-current assets pledged as security

STL had access to an undrawn $3 million bank overdraft facility at the reporting date. The security for this overdraft is as follows:

- Deed of mortgage and consent over lease of land at Townsville bulk sugar terminal
- Fixed and floating charge over the whole of the Company's assets, excluding its interests in the leases of land at the ports of Cairns, Mourilyan, Lucinda, Bundaberg and Mackay.

Recognition and measurement

Property, plant and equipment is shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold land is not depreciated. Options to renew the leases are in STL's control.

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.

Disposal

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Impairment of non-financial 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).

Note 10 Intangible assets

Software

	Software assets $'000	Software under development $'000	Total $'000
Year ended 30 June 2022			
Opening net book amount	–	609	609
Additions	–	1,488	1,488
Transfers	2,098	(2,098)	–
Amortisation	(4)	–	(4)
Closing net book amount	2,094	–	2,094
At 30 June 2022			
Cost	2,098	–	2,098
Accumulated amortisation	(4)	–	(4)
Net book amount	2,094	–	2,094

	Software assets $'000	Software under development $'000	Total $'000
Year ended 30 June 2021			
Opening net book amount	–	–	–
Additions	–	609	609
Disposals	–	–	–
Transfers	–	–	–
Amortisation	–	–	–
Closing net book amount	–	609	609
At 30 June 2021			
Cost	–	609	609
Accumulated amortisation	–	–	–
Net book amount	–	609	609

Recognition and measurement

Costs associated with maintaining software programmes are recognised as an expense as incurred. Costs incurred in developing products, systems, or in acquiring software and licenses, are capitalised to intangible software assets where the software will provide a future financial benefit to STL and the Company has control over the use of the software.

Directly attributable costs that are capitalised as part of the software development may include external direct costs of materials and services, employee costs and an appropriate portion of relevant overheads.

Capitalised software costs are amortised from the point at which the asset is ready for use.

Software is stated at historical costs, less any accumulated amortisation. Amortisation of software assets is calculated using the straight-line method over their estimated useful lives, as follows:

- IT development and software 10 years

Note 11 Leases

a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Right-of-use assets		
Properties	**1,820**	1,897
	1,820	1,897
Lease liabilities		
Current	**143**	145
Non-current	**3,025**	3,068
	3,168	3,213
Additions to right-of-use assets	**–**	–

b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Depreciation charge right-of-use assets	**76**	**76**
Interest expense	**127**	**128**
	203	**204**
The total cash outflow for leases	**172**	**240**

c) STL's leasing activities and how these are accounted for

STL has signed long-term head leases with each port authority for nominal values. Each head lease includes the option for STL to extend the lease term. Commencing in 2001, the value of the land attributable to each lease was recognised on STL's balance sheet (refer to Note 9 Property, Plant and Equipment). As the value of the lease liability for the head leases is considered immaterial, no change has been made to the accounting treatment under AASB 16.

STL has long-term licence agreements in place for the wharf land upon which STL's wharves reside at Cairns, Lucinda and Bundaberg. Each licence includes the option for STL to extend the licence term. For these licences, STL obtains substantially all the economic benefits from the underlying assets (the wharf land), therefore the agreements are considered to incorporate a lease for the purposes of AASB 16. The fees for the wharf licences at Lucinda and Bundaberg are nominal. As the value of the lease liability for the wharf licenses is considered immaterial, no change has been made to the accounting treatment under AASB 16. At Cairns, STL pays an annual licence fee and this licence is considered to incorporate a lease for the purposes of AASB 16.

STL's licence agreement for office space was entered into in December 2017 and is considered to incorporate a lease for the purposes of AASB 16.

In December 2020 STL signed a framework agreement with Gladstone Ports Corporation (GPC) to commence a detailed design on a Common User Infrastructure (CUI) facility at the Port of Bundaberg, which will enable STL to grow its service offering to customers looking to load other commodities.

In June 2022, STL agreed with GPC to proceed to construction of the CUI with works now underway. When the CUI construction reaches practical completion (estimated to be May 2023), STL will enter a long-term lease with GPC.

STL's lease payments to GPC for the CUI will be fully variable and linked to the future use of the CUI (ie. tonnes shipped). Therefore, as the payments are fully variable, they will be excluded from the measurement of lease liabilities and right-of-use assets. The payments will be recognised in the profit and loss in the period that the lease payment is made (which will be linked to tonnes shipped). There is no minimum payment amount under the terms of the arrangement with GPC.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees

The lease payments are discounted using an estimate of STL's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

d) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Note 12 Trade and other payables

	2022 $'000	2021 $'000
Trade and other payables	**15,223**	17,935
Deferred revenue	**2,805**	4,563
	18,028	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.

a) Other payables

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual 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 sick leave, which are non-vesting, are recognised when the leave is taken and measured at the rates paid or payable.

Short term incentive plans

STL recognises a liability for employee short term incentive plan entitlements in other payables when there is a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. Settlement occurs within 12 months and is measured at the amounts expected to be paid when they are settled.

Note 13 Deferred tax liabilities

	2022 $'000	2021 $'000
a) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Plant and equipment	**538**	532
Total deferred tax assets	**538**	532
Set-off of deferred tax liabilities pursuant to set-off provisions	**(538)**	(532)
Net deferred tax assets	**–**	–
b) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Plant and equipment	**14,790**	13,934
Total deferred tax liabilities	**14,790**	13,934
Set-off of deferred tax assets pursuant to set-off provisions	**(538)**	(532)
Net deferred tax liabilities	**14,252**	13,402
Opening balance at 1 July	**13,402**	10,759
Tax payable adjustment from prior year	**(29)**	(28)
Charged to the income statement (Note 4a)	**879**	2,671
Closing balance at 30 June	**14,252**	13,402

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where STL 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.

Note 14 Capital management

a) Risk Management

STL manages capital to safeguard the company's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders.

	2022 $'000	2021 $'000
b) Dividends paid on ordinary shares during the year		
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
Interim fully franked dividend for the year ended 30 June 2022 of 3.7 cents per share (2021 – 3.6 cents)	**13,320**	12,960
	26,280	25,920
c) Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have determined that a final fully franked dividend of 3.7 cents per fully paid ordinary share will be paid on 5 October 2022, but is not recognised as a liability at year end (2021 3.6 cents)	**13,320**	12,960

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

d) Franked dividends

The franked portion of the final dividend recommended after 30 June 2022 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ending 30 June 2022.

	2022 $'000	2021 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021 – 30%)	**3,305**	3,139

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.

	2022 $'000	2021 $'000
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	**5,709**	5,554

Note 15 Contributed equity

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
a) Share capital				
Ordinary shares				
Fully paid	**360,000,000**	360,000,000	**317,628**	317,628
b) Movements in ordinary share capital				
Opening balance			**317,628**	317,628
Closing balance			**317,628**	317,628

c) Ordinary shares

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

Where there is a voting by poll at a meeting of shareholders, 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.

Where there is a voting by show of hands at a meeting of shareholders, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote.

At 30 June 2022 there were 360 million ordinary shares fully paid, consisting of:

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

During the year ended 30 June 2022, there were no movements in the total number of ordinary shares on issue.

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.

Note 16 Retained earnings

	2022 $'000	2021 $'000
Movements in retained earnings were as follows:		
Retained earnings		
Balance at 1 July	**17,683**	**16,480**
Total comprehensive income	**27,857**	**27,123**
Dividends provided for or paid	**(26,280)**	**(25,920)**
Balance at 30 June	**19,260**	**17,683**

Note 17 Financial risk management

STL's activities expose the Company to a variety of financial risks: credit risk, liquidity risk and market risk. The overall risk management program of STL focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

a) Credit risk

STL had no significant concentrations of credit risk during the year. Cash at bank and term deposits are all held with one of the major Australian banks.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities, both of which STL considers at all times.

i) Financing arrangements

STL had access to the following undrawn borrowing facility at the reporting date:

	2022 $'000	2021 $'000
Floating rate		
Expiring within one year (bank overdraft)	**3,000**	3,000

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

c) Market risk

i) Foreign exchange risk
STL is not exposed to foreign exchange risk arising from currency exposure.

ii) Price risk
STL is not exposed to equity securities price risk.

iii) Cash flow and fair value interest rate risk
STL's income and operating cash flows are substantially independent of changes in market interest rates. There is no external debt or interest-bearing obligations.

Note 18 Contingent liabilities

Environmental remediation

STL is subject to environmental laws and regulations concerning its bulk sugar terminal facilities that may require future remediation to be undertaken. Such contingencies may arise during the term of, or upon any expiry of, a relevant lease.

Each of STL's six bulk sugar terminals is operated under a long-term lease with the local port authority. Each lease contains rolling options for extension, which are in the Company's control. If, at a future time, a lease was permitted to expire and the relevant port did not elect to purchase the terminal facilities, STL may be required to remove terminal infrastructure and undertake appropriate remediation. Any such obligation is considered to have a low probability of crystallising at this time due to the ongoing nature of export sugar activities and growth in other commodity handling, which supports the continued utilisation of each terminal.

STL may also sell one or more of the bulk sugar terminals to a third party buyer, releasing the Company from any future obligation or liability in respect of that terminal, including future "make good " and/or remediation obligations.

As at 30 June 2022, in considering all information presently available to them, the Directors consider the likelihood of incurring "make good" and/or remediation obligations and liabilities in respect of the bulk sugar terminals to have a low probability. As such, no provision for these obligations has been recognised. The assumptions supporting this assessment may change should events change in the future. This position will be reconsidered at each reporting date or in the event of underlying industry change.

Note 19 Commitments

Capital commitments

	2022 $'000	2021 $'000
Capital expenditure contracted for by QSL but not paid or recognised as a liability by STL at year end	**3,236**	13,806
Capital expenditure contracted for by STL but not paid or recognised as a liability by STL at year end	**3,063**	–
	6,299	13,806

Under the terms of the Operating Agreement, QSL incurs expenditure on capital works on STL's behalf in accordance with the approved capital expenditure budget and that expenditure is reimbursed by STL.

In June 2022 STL agreed with GPC to proceed with construction of the CUI at the Port of Bundaberg, which required STL to commit to capital works on STL owned assets as part of this project.

Note 20 Events occurring after the balance sheet date

There were no significant events occurring after the balance date.

Note 21 Related party transactions

a) Key management personnel

	2022 $	2021 $
Key management personnel compensation		
Short-term	**1,524,819**	1,203,703
Post-employment benefits (i.e. superannuation)	**109,208**	102,213
	1,634,027	1,305,916

Detailed remuneration disclosures are provided in the remuneration report on pages 14 to 17.

Equity instrument disclosures relating to key management personnel – Shareholdings

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. No shares were granted during the reporting period as compensation.

	Held at 30 June 2021	Purchases	Other changes during the year	Held at 30 June 2022
AR Bartolo	17,644	-	-	17,644

b) Transactions with other related parties

	2022 $	2021 $
The following transactions occurred with other related parties:		
Provision of services to shareholders	**99,180,511**	95,961,800
Purchase of services from shareholders	**56,229,886**	56,854,277
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)	**2,166,949**	55,002
Current payables (purchase of services from shareholders)	**14,849,425**	17,603,539
Prepaid revenue from shareholders	**2,657,374**	4,378,718

Terms and conditions

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

Note 22 Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of STL, by PwC' s related network firms and non-related audit firms:

	2022 $	2021 $
Auditors of STL – PwC and related network firms		
Audit and review of financial reports	**98,100**	91,700
Other services		
Taxation advice	**–**	21,420
Total remuneration for other services	**–**	21,420
Total services provided by PwC	**98,100**	113,120

Note 23 Economic dependency

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

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

	2021 $'000	2020 $'000
Profit for the year	**27,857**	27,123
Depreciation	**14,148**	13,509
Net loss (gain) on disposal of non-current assets	**34**	2
Decrease (increase) in trade and other receivables	**(332)**	(1,211)
Increase (decrease) in trade and other payables	**(2,750)**	4,849
Increase (decrease) in current tax liabilities	**3,901**	(1,554)
Increase (decrease) in deferred tax liabilities	**(29)**	2,643
Net cash inflow from operating activities	**42,829**	45,361

Directors' Declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 20 to 37 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 2022 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.

(Alan) Mark Gray
Chairman

Brisbane
25 August 2022

Independent auditor’s report

pwc

Independent auditor’s report

To the members of Sugar Terminals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended

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

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors’ declaration.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independent auditor's report Continued

Our audit approach

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

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

Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall materiality of $2.0 million, which represents approximately 5% of the Company's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose profit before tax because, in our view, it is the benchmark against which the performance of the Company is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matter to the Finance and Audit Committee: – Carrying Value of Property, Plant and Equipment • This matter is further described in the *Key audit matters* section of our report.

pwc

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Carrying Value of Property, Plant and Equipment *(Refer to note 9) [$341.7m]* Property, Plant, and Equipment (PP&E) comprises assets integral to the Company's operations in port areas. These assets are subject to extensive maintenance and asset replacement programs to provide sustainable operations and budgeted production outputs. The carrying value of PP&E was a key audit matter due to its significance in the statement of financial position of the Company, and the costs incurred annually in replacement capital expenditure, costs of maintenance, and the depreciation expense of the PP&E utilised in its operations.	Our procedures in assessing the carrying value of the PP&E of the Company included among others: • Assessed the Company's accounting policies and methodologies for capitalisation of PP&E, maintenance and depreciation in light of the requirements of the Australian Accounting Standards. • Agreed the PP&E reported in the financial report to the Company's fixed asset register. • For a sample of capital additions to PP&E during the year, we have agreed the amounts to supporting documentation including invoices. • For a sample of PP&E assets, we have reperformed the depreciation charge calculations recorded in the fixed assets register. • For a sample of assets, we have compared the useful lives to the historical independent engineering reports which determined the useful lives of these assets. • Assessed the PP&E impairment indicators assessment performed by management. • Reviewed the adequacy of the financial statement disclosures relating to PP&E.

Independent auditor's report Continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

pwc

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 14 to 17 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Sugar Terminals Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Crowe

Michael Crowe
Partner

Brisbane
25 August 2022

Shareholder information

30 June 2022

Top 10 shareholdings

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 shareholdings and all of the M Class shareholdings as at the balance date:

G Class shareholdings

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 Pty Ltd	11,446,455
MP Australia Investments Pty Ltd	8,816,360
Queensland Sugar Limited	7,120,350
QSL Investments (No 3) Pty Ltd	6,891,462
Queensland Sugar Limited	4,364,587
Jaswel Pty Ltd	4,147,664

M Class shareholdings

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

Substantial shareholders

Shareholder	%
MSF Sugar Ltd (and associated companies)	19.32%
Wilmar Sugar Australia Investments Pty Ltd	18.59%
Queensland Sugar Limited (and associated companies)	11.48%
Mackay Sugar Limited	9.09%

Distribution of shareholders

	G Class holders		M Class holders		Total shareholders		
Range of units	Holders	Securities	Holders	Securities	Holders	Securities	% of units
1 to 1,000	220	93,887	0	0	220	93,887	0.03
1,001 to 5,000	672	2,091,689	0	0	672	2,091,689	0.58
5,001 to 10,000	782	5,841,694	0	0	782	5,841,694	1.62
10,001 to 100,000	3,125	97,591,484	1	20,000	3,126	97,611,484	27.11
100,001 and Over	193	123,729,449	5	130,631,797	198	254,361,246	70.66
Total	4,992	229,348,203	6	130,651,797	4,998	360,000,000	100.00

Corporate directory

Directors

(Alan) Mark Gray - Chairman
Tony (Anthony) R Bartolo
Sam (Salvatore) G Bonanno
Stephen Calcagno
Ian R Davies
Leanne M Muller
Rohan S Whitmee

Company Secretary/CFO

Peter M Bolton

Registered office

Level 11
348 Edward St
Brisbane Qld 4000

Share register

Sugar Terminals Limited Share Registry
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Auditor

PricewaterhouseCoopers
GPO Box 150
Brisbane Qld 4001

Solicitors

Clayton Utz
GPO Box 9806
Brisbane Qld 4001

Bankers

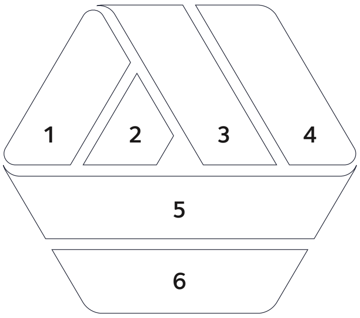
National Australia Bank
PO Box 10653
Brisbane Qld 4001

Stock exchange listing

Sugar Terminals Limited G Class
shares are listed on the National
Stock Exchange of Australia

Website

sugarterminals.com.au



1 In FY22, STL approved construction of new common user infrastructure at its Bundaberg terminal in partnership with the Gladstone Ports Corporation and with $17.7 million of funding from the Federal Government

2 Reroofing of Townsville Shed 2 was completed in FY22

3 STL loaded 103 sugar ships in FY22

4 Critical control audits were undertaken in FY22 at Bundaberg, Townsville and Mackay (pictured)

5 Lucinda Jetty will be upgraded with a new 12km conveyor belt in FY23

6 STL completed a 'State of the Assets' report in FY22, covering all sites, including the Cairns terminal (pictured)

STL

Sugar Terminals Limited
ABN 17 084 059 601

Level 11
348 Edward St
Brisbane Qld 4000

GPO Box 1675
Brisbane Qld 4001

T +61 7 3221 7017
E info@sugarterminals.com.au

sugarterminals.com.au