

## QUARTERLY CASHFLOW REPORT STATUS UPDATE

### Quarterly Cashflow Report

The Company is pleased to release its Quarterly Cashflow Report (Appendix 4C) for the quarter ended 31 March 2010.

During the quarter, the Group continued to maintain its biodiesel plant in a state of readiness. High feedstock costs and low biodiesel prices mean the Group has yet to recommence biodiesel production. During the quarter, the Group also continued to progress its action plans to realize economic value from its plantation development asset.

Pending these developments, the Group's founder shareholder has increased the standby credit line previously provided to the Group from RM5 million (A\$1.67million) to RM10 million (A\$3.33 million). This standby line is being used for working capital purposes which includes funding the plantation development.

### Funding of Plantation Development

The Group continues to progress its efforts to fund the plantation development and realize economic value from that asset. In this regard, it is seeking regulatory approval to raise funding through the sale of interests in the plantation to the investing public.

Pending such approval, the Company has on 28 April 2010 contracted to increase its stake in Golden Palm Growers Berhad ("Golden Palm") from 70% to 83%. Golden Palm is the company that holds the concession for the plantation development and was formerly known as SPC Sawit Sdn Bhd. The Group's stake in Golden Palm is held through the Company's wholly-owned Malaysian subsidiary, Sterling Plantations Sdn Bhd ("Sterling Plantations"). Payment for the additional equity (at a discount to the agreed exercisable price of the option to purchase additional equity) is staggered based on the success of the Group's funding initiative. The remaining 17% of SPC Sawit continues to be held by the same shareholders as were approved by Malaysian regulators at the time of the acquisition by Sterling Plantations of its stake in September 2007.



As required by the relevant Malaysian regulator, Golden Palm has increased its issued capital to RM5.0 million (A\$1.67 million) by capitalizing RM4.9 million (A\$1.63 million) of advances previously given by Sterling Plantations to fund the plantation development. These new shares have been issued to Sterling Plantations. As a condition of granting their consent to the increase in capital, Sterling Plantations has granted options to the remaining shareholders to acquire their respective proportion of these new shares at par over the next 2 years so as to avoid diluting their shareholdings.

Details of this initiative to fund the plantation development will be released to the market upon receipt of relevant regulatory approvals.

### **Board Changes**

The Company wishes to announce the retirement of Adam Sierakowski as a non-executive director with effect from 29 April 2010. The board thanks Mr Sierakowski for his contributions and wishes him well in his future endeavours.

The Company also wishes to announce the appointment of Graham Keys as a non-executive director with effect from 29 April 2010. Mr Keys holds a Bachelor of Economics and is a Graduate Member of the Institute of Company Directors. A chartered accountant, Mr Keys was a partner of the international firm of Ernst & Young for 15 years before leaving to become managing director of a publicly listed mining company. He is currently Executive Chairman of Norvest Corporate and Non-Executive Chairman of ASX listed Advanced Engine Components Ltd and Brand New Vintage Limited. In his 40 years of business life, Mr Keys has developed a wide range of professional, managerial, accounting, financial, corporate and commercial skills in a variety of industries.

### **For further information, please contact:**

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Sterling Biofuels International Limited

ABN

ACN 119 880 492

Quarter ended ("current quarter")

31 March 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from customers	12	107
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(191)	(590)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	-	16
1.7 Other (provide details if material)		
- Receipts from sale of drums	-	2
- Receipts from insurance compensation	63	63
<b>Net operating cash flows</b>	<b>(322)</b>	<b>(1,486)</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date \$A'000
1.8 Net operating cash flows (carried forward)	(322)	(1,486)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(3)	(11)
(e) other non-current assets	(205)	(330)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid to other entities		
1.13 Other (provide details if material)		
<b>Net investing cash flows</b>	(208)	(341)
<b>1.14 Total operating and investing cash flows</b>	(530)	(1,827)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	587	1,178
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
GST recovered	(1)	-
<b>Net financing cash flows</b>	<b>586</b>	<b>1,178</b>
<b>Net increase (decrease) in cash held</b>	56	(649)
1.21 Cash at beginning of quarter/year to date	32	762
1.22 Exchange rate adjustments	-	(25)
1.23 <b>Cash at end of quarter</b>	88	88

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	18
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

None

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available+ \$A'000	Amount used \$A'000
3.1	Loan facilities	1,667	1,190
3.2	Credit standby arrangements	8,069*	42

+ *Facilities in round sum RM currency and now expressed in \$A at end-quarter conversion rate. On 28 April 2010, the loan facility was increased to A\$3.335 million.*

\* *Trade facility for biodiesel production.*

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	80	24
4.2 Deposits at call	8 *	8 *
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>88</b>	<b>32</b>

\* *pledged deposits.*

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	None	None
5.2 Place of incorporation or registration		
5.3 Consideration for Acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29 April 2010  
 Group Executive Director

Print name: **Andrew Phang**

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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