



THIRD ANNUAL GENERAL MEETING
EXECUTIVE CHAIRMAN'S ADDRESS

Good afternoon ladies & gentlemen.

Welcome to our third Annual General Meeting.

STATE OF BIODIESEL INDUSTRY

The biodiesel industry is undergoing tremendous challenges.

Lower fossil fuel prices due to weaker global demand, removal of tax incentives for biofuels and protectionist policies in the major EU and US markets mean we are unable to produce at a profit.

We believe the position is the same for all palm biodiesel producers in this region.

It is therefore inevitable that the industry will consolidate.

If history is any comfort, the palm refining industry in Malaysia went through a similar phase. With government intervention on policy direction, the industry consolidated and we today have a vibrant palm refining industry in Malaysia.

If there is a lesson to be learnt then it is that we need to position ourselves to ride out this period of uncertainty.

STERLING'S STRENGTHS

We are fortunate that we are in a position to do that.

We have a clean balance sheet and assets that are unencumbered.

Our investment upstream within the oil palm – biodiesel value chain holds great promise. We have established a value for our plantation development and have commenced action plans on various options that will enable us to realise economic value from this asset. Whilst these options may require regulatory and other approvals, we are working hard to achieve this objective.

The standby credit line offered by our founder shareholder provides us with short-term funding whilst we pursue these initiatives. This will avoid having to raise capital from the market or borrow from financial institutions in the short term.

FUTURE DIRECTION

We remain convinced that the upstream strategy which we launched in September 2007 is the right strategy. Our investment in the oil palm sector will enable us to capitalize on opportunities in that sector whilst we see through the uncertainties currently affecting the biodiesel industry.

We look forward to an exciting year ahead and thank you for your continued support.

We believe change will come and we are ready for this.

CRS Paragash
Executive Chairman