23 February 2016

The Manager
Company Announcements Office
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

By: e-lodgement (ASX code SBI)

APPENDIX 4D AND HALF YEAR REPORT

Please find attached Sterling Plantations Limited's Appendix 4D and Half Year Financial Report for the half year ended 31 December 2015.

Yours sincerely

Shaun Menezes
Company Secretary

STERLING PLANTATIONS LIMITED (ACN 119 880 492)
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www.sterlingplantations.com

Appendix 4D

Half yearly report

Name of entity

Sterling Plantations Limited

ABN or equivalent company reference	Half year ended (current period)	Half year ended ('previous period')
ACN 119 880 492	31 December 2015	31 December 2014

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1). $A'000

Revenues	up	49%	To	563
Loss after tax attributable to members	down	42%	To	(6,248)
Net loss for the period attributable to members	down	42%	To	(6,248)

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend declared	Nil	Nil
Previous corresponding period	Nil	Nil

+Record date for determining entitlements to the dividend, Not applicable

Brief explanation of any of the figures reported above to enable figures to be understood:

The consolidated loss after income tax for the half-year ended 31 December 2015 was $6.248 million (half-year ended 31 December 2014: loss of $4.381 million).

The loss mainly reflects the fact that the plantation has yet to reach commercial maturity and, thus, continues to incur on-going plantation costs.

As at 31 December 2015, the Group had a net cash balance of $4.879 million (half-year ended 31 December 2014: $13,575 million). Of this total, an amount of $3.832 million (half-year ended 31 December 2014:$9.186 million) is held as restricted deposits by the trustee of the Growers Scheme.

+ See chapter 19 for defined terms.

This half yearly report is to be read in conjunction with the most recent annual financial report.

NTA backing	Current period	Previous corresponding Period
Net tangible (liabilities)/asset backing per +ordinary security	$(0.45)	$(0.29)

Details of entities over which control has been gained or lost during the period.	Not Applicable
Details of individual and total dividends or distributions and dividend or distribution payments.	Not Applicable
Details of any dividend or distribution reinvestment plans in operation.	Not Applicable
Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities.	Not Applicable

This report is based on the +accounts have been subject to review

Sign here: ..... Date: 23 February 2016
Group Executive Director

Print name: Andrew Phang

+ See chapter 19 for defined terms.

Sterling Plantations Limited

ACN 119 880 492

Half-Year Report
31 December 2015

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Corporate Directory

DIRECTORS

Dato' CRS Paragash	(Executive Chairman)
Andrew Phang	(Group Executive Director)
Jackie Leong	(Non-Executive Director)
Eric P John	(Non-Executive Director)

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000

COMPANY SECRETARY

Shaun Menezes
Email: cosec@sterlingplantations.com

BANKERS

Westpac Banking Corporation
1257-1261 Hay Street
West Perth WA 6005

REGISTERED OFFICE IN AUSTRALIA

Ground Floor, Suite 1,
473 Roberts Road,
Subiaco WA 6008,
Australia

Telephone: (61-8) 6380 2555
Facsimile: (61-8) 9381 1122

Website: www.sterlingplantations.com

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

HOME EXCHANGE

Australian Stock Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code

SBI

Directors' Report

The Directors present their report on the consolidated entity consisting Sterling Plantations Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The names of the Directors in office during the half-year period and until the date of this report are as below. All Directors were in office for this entire period.

Dato' CRS Paragash	(Executive Chairman)
Andrew Phang	(Group Executive Director)
Jackie Leong	(Non-Executive Director)
Eric P John	(Non-Executive Director)

Principal Activities

The Group is principally involved in oil palm plantation development and the sale and marketing of grower plots (being interests under the Golden Palm Growers Scheme).

Review and Results of Operations

The consolidated loss after income tax for the half-year ended 31 December 2015 was $6.248 million (half-year ended 31 December 2014: loss of $4.381 million).

The loss mainly reflects the fact that the plantation has yet to reach commercial maturity and, thus, continues to incur on-going plantation costs.

As at 31 December 2015, the Group had a net cash balance of $4.879 million (half-year ended 31 December 2014: $13.575 million). Of this total, an amount of $3.832 million (half-year ended 31 December 2014: $9.186 million) is held as restricted deposits by the trustee of the Growers Scheme.

Auditor's Independence Declaration

We have obtained the auditor's independence declaration from BDO Audit (WA) Pty Ltd, which is set out on page 3.

Signed in accordance with a resolution of the Board of Directors.

Andrew Phang
Group Executive Director
Perth 23 February 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF STERLING PLANTATIONS LIMITED

As lead auditor for the review of Sterling Plantations Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sterling Plantations Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 23 February 2016

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation *other than for the acts or omissions of financial services licensees*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half Year Ended 31 December 2015

	Note	31 December 2015 $'000	31 December 2014 $'000
REVENUE		563	377
Other income	2	182	1,646
Changes in fair value of biological assets	8	(1,786)	991
Fair value gain/(loss) on financial assets at fair value through profit or loss		104	(419)
Changes in fair value of growers fees		1	12
Raw materials & consumable used		(158)	(177)
Growers Scheme costs		-	(4)
Employee benefits expense		(1,513)	(1,884)
Depreciation expense		(356)	(291)
Finance costs		(2,745)	(2,780)
Lease expense		(368)	(360)
Travel expense		(55)	(85)
Other expenses		(949)	(1,123)
LOSS BEFORE INCOME TAX		(7,080)	(4,097)
Income tax benefit /(expense)		832	(284)
LOSS AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(6,248)	(4,381)
OTHER COMPREHENSIVE LOSS			
Items that may be re-classified to profit or loss			
Foreign currency translation		2,100	(1,103)
OTHER COMPREHENSIVE LOSS FOR THE HALF-YEAR, NET OF TAX		2,100	(1,103)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		(4,148)	(5,484)
LOSS FOR THE HALF-YEAR IS ATTRIBUTABLE TO			
Owners of the parent		(6,248)	(4,381)
		(6,248)	(4,381)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR IS ATTRIBUTABLE TO:			
Owners of the parent		(4,148)	(5,484)
		(4,148)	(5,484)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted loss per share (cents per share)		(9.61)	(6.74)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2015

	Note	31 December 2015 $'000	30 June 2015 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,047	3,269
Restricted deposits	4	3,832	4,135
Inventories		162	71
Other current assets	5	4,055	4,135
Financial assets at fair value through profit or loss	6	13	468
TOTAL CURRENT ASSETS		9,109	12,078
NON-CURRENT ASSETS			
Restricted deposits	4	-	4,931
Property, plant and equipment	7	9,284	9,738
Biological assets	8	25,110	28,951
TOTAL NON-CURRENT ASSETS		34,394	43,620
TOTAL ASSETS		43,503	55,698
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	5,508	7,325
Borrowings	11	39	49
Growers Scheme liability	12	6,386	-
TOTAL CURRENT LIABILITIES		11,933	7,374
NON-CURRENT LIABILITIES			
Deferred tax liability	10	1,929	2,945
Borrowings	11	76	99
Growers Scheme liability	12	59,032	70,599
TOTAL NON-CURRENT LIABILITIES		61,037	73,643
TOTAL LIABILITIES		72,970	81,017
NET LIABILITIES		(29,467)	(25,319)
SHAREHOLDERS' DEFICIT			
Equity attributable to equity holders of the parent			
Issued capital		32,143	32,143
Accumulated losses		(61,243)	(54,995)
Reserves		(367)	(2,467)
Parent interests		(29,467)	(25,319)
TOTAL SHAREHOLDERS' DEFICIT		(29,467)	(25,319)

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For The Half Year Ended 31 December 2015

	Ordinary Shares $'000	Accumulated Losses $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Equity Reserve $'000	Total Equity $'000
At 1 July 2014	**32,143**	**(43,880)**	**234**	**(1,129)**	**(817)**	**(13,449)**
Loss for the period	-	(4,381)	-	-	-	(4,381)
Other comprehensive loss	-	-	-	(1,103)	-	(1,103)
Total comprehensive loss for the half-year	-	(4,381)	-	(1,103)	-	(5,484)
At 31 December 2014	**32,143**	**(48,261)**	**234**	**(2,232)**	**(817)**	**(18,933)**
At 1 July 2015	**32,143**	**(54,995)**	**234**	**(1,884)**	**(817)**	**(25,319)**
Loss for the period	-	(6,248)	-	-	-	(6,248)
Other comprehensive loss	-	-	-	2,100	-	2,100
Total comprehensive loss for the half-year	-	(6,248)	-	2,100	-	(4,148)
At 31 December 2015	**32,143**	**(61,243)**	**234**	**216**	**(817)**	**(29,467)**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For The Half Year Ended 31 December 2015

	31 December 2015 $'000	31 December 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from trade customers	488	223
Other Income	182	171
Payments to suppliers and employees	(1,861)	(1,973)
Interest paid	(2)	(2)
Interest received	314	372
Plantation expenditure	(1,030)	(1,249)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(1,909)**	**(2,458)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	314	-
Purchase of property, plant and equipment	(648)	(1,361)
Payments for deposit on investment in properties	(1,020)	(975)
Proceeds from shares & others	432	1,340
Payments for shares & others	-	(3,836)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(922)**	**(4,832)**
Payments for shares & others		
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received from Growers Scheme	-	79
Refund of reserve margin	768	-
Funds received for payment of net yield	3,988	4,118
Placement of restricted deposits	-	(22)
Net yield paid	(3,988)	(4,099)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**768**	**76**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,063)	(7,214)
NET FOREIGN EXCHANGE DIFFERENCES	(159)	214
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,269	11,388
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,047**	**4,388**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

The financial report of Sterling Plantations Limited for the period ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on the date of approval of the Directors' Report.

Sterling Plantations Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Basis of preparation

This interim condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report of Sterling Plantations Limited as at 30 June 2015 and considered together with any public announcements made by Sterling Plantations Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report the significant judgments made by management in applying the Group's accounting policies and the sources of estimation and uncertainty were the same as those that applied to the consolidated financial report as at the year ended 30 June 2015.

The accounting policies applied by the economic consolidated entity in this consolidated financial report are the same as those applied by the economic consolidated entity in its consolidated financial report as at and for the year ended 30 June 2015.

New and amended accounting standards and interpretations

Since 1 July 2015, the Group has adopted all accounting standards and interpretations, mandatory for financial reporting periods beginning on or after 1 July 2015. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

Going Concern

During the half-year ended 31 December 2015, the Group incurred a consolidated loss after income tax of $6.248 million and a net cash outflow from operation of $1.909 million, and cash on hand of $1.047 million.

The half-year financial report has been prepared on the basis the Group will continue to meet their commitments and can therefore continue normal business activities and realise assets and settle of liabilities in the ordinary course of business.

In arriving at this position, the directors are reviewing various funding alternatives including:

- equity raising
- debt raising; and
- sale of selected non-core assets

The directors believe that at the date of signing the financial report there are reasonable grounds to believe that having regard to matters set out above, the Group will be able to raise sufficient funds to meet its obligations as and when they fall due.

Should the Group not raise the necessary funding through debt or equity, sale of selected non-core assets and achieve positive operating cashflows as the plantation matures, there would be material uncertainty that casts significant doubt as to whether the consolidated entity would be able to meet its debts as and when they fall due and thus continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern.

2. OTHER INCOME

	31 December 2015 $'000	31 December 2014 $'000
Rebate on annual payments for plantation land	-	1,475
Other income	182	171
	182	1,646

In the previous financial period an updated assessment of the Group's plantation land area under lease was undertaken. As a result of the assessment process the Group has received a one-off non-cash rebate to utilise against future lease payments.

3. CASH AND CASH EQUIVALENTS

For the purpose of the half-year consolidated statement of cashflows, cash and cash equivalents comprise the following:

	31 December 2015 $'000	30 June 2015 $'000
Cash at bank	34	604
Deposits with licensed banks	1,013	2,665
Cash and cash equivalents	1,047	3,269

4. RESTRICTED DEPOSITS

	31 December 2015 $'000	30 June 2015 $'000
Current		
Deposits with licensed trustee	3,832	4,135
Non-current		
Deposits with licensed trustee	-	4,931

Restricted deposits represent deposits held by the trustee of the Growers Scheme, Amtrustee Berhad, a licensed trustee in Malaysia. They represent a percentage of the growers fees received from growers and to be used for creation of a Reserve Fund Trust Account for purposes of paying guaranteed net yields as well as the setting up of a Reserve Margin Account. In the current financial year, a portion of the Reserve Margin Account was returned to the Company for purposes of funding the plantation development activities.

The deposits are made for varying periods between one month to sixty months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The weighted average interest rate at 31 December 2015 was 3.20% per annum.

5. CURRENT ASSETS

	31 December 2015 $'000	30 June 2015 $'000
Other current assets		
Prepayments and deposits	240	287
Deposits for investment in properties *	3,488	2,896
Other receivables **	327	952
	4,055	4,135

* Deposits for investment in properties are a prepayment of 20% of the purchase price of investment properties in London.

** Other receivables are non-interest bearing and are generally receivable upon request on half yearly basis.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2015 $'000	30 June 2015 $'000
Carrying amount at beginning of year	468	925
Investment in shares and others	-	4,886
Proceed from investment in shares and others	(432)	(4,551)
Fair value gain/(loss) on financial assets at fair value through profit or loss	104	(833)
Effect on foreign exchange	(127)	41
Carrying amount at end of year	13	468

7. PROPERTY, PLANT AND EQUIPMENT

	31 December 2015 $'000	30 June 2015 $'000
Capital work-in-progress		
At cost	41	377
	41	377
Buildings		
At cost	2,196	1,856
Less: accumulated depreciation	(428)	(388)
	1,768	1,468
Motor vehicles		
At cost	535	575
Less: accumulated depreciation	(353)	(307)
	182	268

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	31 December 2015 $'000	30 June 2015 $'000
Motor vehicles - under finance lease		
At cost	258	279
Less: accumulated depreciation	(103)	(103)
	155	176
Office equipment		
At cost	348	373
Less: accumulated depreciation	(249)	(241)
	99	132
Plantation property, plant & equipment		
Plantation equipment and machinery		
At cost	1,850	1,841
Less: accumulated depreciation	(591)	(540)
	1,259	1,301
Leasehold Improvements		
At cost	6,215	6,421
Less: accumulated depreciation	(435)	(405)
	5,780	6,016
Total property, plant and equipment	**9,284**	**9,738**

The movements in property, plant and equipment during the period include the effect of foreign exchange.

8. BIOLOGICAL ASSETS

	31 December 2015 $'000	30 June 2015 $'000
Carrying amount at beginning	28,951	27,474
Fair value adjustment	(1,786)	347
Effect of foreign exchange	(2,055)	1,130
Carrying amount at end	25,110	28,951

9. TRADE AND OTHER PAYABLES

	31 December 2015 $'000	30 June 2015 $'000
Current		
Net yield payable *	5,193	6,894
Other payables	315	431
	5,508	7,325

* The entire net yield payable will be paid from the restricted deposits held by trustee of Growers Scheme

Current trade and other payables are non-interest bearing and are normally settled on 30 day terms. Non-current payables are unsecured and have no fixed terms of repayment.

10. DEFERRED TAX LIABILITY

Deferred tax expense is in respect of property, plant and equipment as well as fair value gains arising from valuation of the biological assets.

The deferred tax liabilities are represented after appropriate offsetting:

	31 December 2015 $'000	30 June 2015 $'000
Deferred tax assets	7,418	7,138
Deferred tax liabilities	(9,424)	(10,106)
	(2,006)	(2,968)
Effect of foreign exchange	77	23
	(1,929)	(2,945)

The components of deferred tax liabilities and assets prior to offsetting are as follows:

	31 December 2015 $'000	30 June 2015 $'000
Property, plant and equipment	(3,153)	(2,813)
Biological assets	(6,271)	(7,293)
Unused tax losses and unabsorbed capital allowances	7,418	7,138
	(2,006)	(2,968)
Effect of foreign exchange	77	23
	(1,929)	(2,945)

11. BORROWINGS

	31 December 2015 $'000	30 June 2015 $'000
Current		
Finance lease liabilities	39	49
Non-current		
Finance lease liabilities	76	99

12. GROWERS SCHEME LIABILITY

	31 December 2015 $'000	30 June 2015 $'000
Current		
Financial liability at fair value through profit or loss, at reporting date	6,386	-
Non-current		
Financial liability at fair value through profit or loss, at reporting date	59,032	70,599

13. FAIR VALUES

The methods for estimating fair value are outlined below. The fair value of other financial assets and liabilities approximate their carrying values as disclosed in the financial statements.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2 : other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques that use inputs that have significant effect on the recorded fair value that are not based on observable market data.

a) Fair Value Measurement

The following table sets out the group's assets and liabilities that are measured and recognised at fair value at 30 June 2015 as required by AASB 13.93 (a) and (b).

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets:				
Investment in shares and others	13	-	-	13
Non-financial assets:				
Biological assets	-	-	25,110	25,110
Total Financial assets and non-financial assets	13	-	25,110	25,123
Financial liabilities:				
Growers Scheme Liability - Current	-	-	6,386	6,386
Growers Scheme Liability - Non Current	-	-	59,032	59,032
Total financial liabilities	-	-	65,418	65,418

30 June 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets:				
Investment in shares and others	468	-	-	468
Non-financial assets:				
Biological assets	-	-	28,951	28,951
Total Financial assets and non-financial assets	468	-	28,951	29,419
Financial liabilities:				
Growers Scheme Liability - Non Current	-	-	70,599	70,599
Total financial liabilities	-	-	70,599	70,599

There have been no transfers between Level 1 and Level 2 recurring fair value measurements during the year.

The group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

13. FAIR VALUES (CONT'D)

a) Fair Value Measurement (cont'd)

Valuation processes applied by the Group for Level 3 fair values

(i) Growers Scheme Liability

The liability represents the amount received from growers under the Golden Palm Growers Scheme ("the Scheme") for which a subsidiary is obligated to pay an annual net yield over the duration of the Scheme. During the First Phase (being the first 6 years), the guaranteed yield is 6% per annum. During the Second Phase (years 7 - 23), the yield will be the higher of plantation profit attributable to a quarter acre of the plantation and a specified amount (maximum 9% of the grower's fee) calculated with reference to the crude palm oil price.

The subsidiary has certain obligations to repurchase grower plots at the request of the grower. This repurchase obligation is subject to certain provisions as provided in the agreement with a grower (refer www.sterlingplantations.com) which includes inter-alia requirement for submission of proper repurchase documents, annual repurchase limits, timing of payment, repurchase price etc.

At the closure or expiry of the Scheme, the subsidiary is required to refund a grower its proportionate share of the net sale proceeds of the concession in accordance with terms as stated in the relevant agreement with growers.

These terms include amongst others, minimum notice period to growers, conditions for voluntary closure of the scheme, timing and procedures for the sale as well as timing of payment of net proceeds received from sale.

In the event of the refund to a grower of its proportionate share of net sale proceeds of the concession, the subsidiary will not be required to repay the growers fees.

b) Reconciliation: Level 3 recurring fair value measurements

Growers Scheme Liability

	31 December 2015 $'000	**30 June 2015 $'000**
Carrying amount at beginning of year	70,599	67,740
Growers fees received	-	80
Change in fair value	1	(12)
Effect of foreign exchange	(5,182)	2,791
Carrying amount at end of year	65,418	70,599

The Group recorded gains and losses in the statement of profit and loss and other comprehensive income with respect to Level 3 financial instruments.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

13. FAIR VALUES (CONT'D)

c) Valuation techniques

Financial instrument	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Non-Financial assets Biological assets	Discounted cash flows method and cost comparison method.	(a) Discount rate (9%);	The higher the discount rate, the lower the fair value of the biological assets would be.
		(b) Average FFB production ranges from a minimum yield of 6 metric tonnes per hectare to a maximum of 28 metric tonnes per hectare;	The higher the palm oil yield, the higher the fair value.
		(c) Average price of FFB at AUD160 per metric tonne;	The higher the market price, the higher the fair value.

In addition, the following underlying assumptions were used to measure the Company's biological assets:

(i) No new replanting or replanting activities are assumed; and

(ii) Oil palm trees have an average life of 25 years.

Financial instrument	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial liabilities Growers fees	Discounted cash flows method	(i) Net yield of 6% (first phase)	The higher the net yield interest rate, the higher the fair value of growers fees would be.
		(ii) Net yield of 9% (second phase)	

In addition, the following underlying assumption was used to determine the fair value of the growers fees:

(i) Net sales proceeds at the end of the Scheme amounts to the initial contribution made by the growers.

14. DIVIDENDS PAID AND PROPOSED

The Company did not declare a dividend during the half-year ended 31 December 2015 (2014: nil).

15. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the business, product to be produced and type of land development. Discrete financial information about each of these operating businesses is reported to management.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of products and services

Oil palm

Oil palm business is a producer and supplier of fresh fruit bunches (FFB) for palm oil industrial markets. The oil palm business has been determined as both an operating segment and reportable segment.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to the segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Corporate charges such as head office expenses and interest are not allocated to operating segments as they are not considered part of the core operations of any segment:

15. OPERATING SEGMENTS (CONT'D)

The following table presents revenue and loss information regarding reportable segments for the half years ended 31 December 2014 and 31 December 2015:

	Oil palm & Growers Scheme $'000	Unallocated $'000	Total $'000
Half year ended 31 December 2015			
Revenue			
Sales	455	-	455
Finance income – interest	108	-	108
Total revenue per the statement of comprehensive income	563	-	563
Result			
Segment result	(7,069)	-	(7,069)
Unallocated result	-	(11)	(11)
Net loss before income tax per the statement of profit or loss and other comprehensive income	(7,069)	(11)	(7,080)
Assets and liabilities			
Segment assets	40,002	-	40,002
Unallocated assets	-	3,501	3,501
Total assets per the statement of financial position	40,002	3,501	43,503
Total assets includes:			
Purchase of PPE	648	-	648
Segment liabilities	72,948	-	72,948
Unallocated liabilities	-	22	22
Total liabilities per the statement of financial position	72,948	22	72,970

15. OPERATING SEGMENTS (CONT'D)

	Oil palm & Growers Scheme $'000	Unallocated $'000	Total $'000
Half year ended 31 December 2014			
Revenue			
Sales	200	-	200
Finance income – interest	144	33	177
Total revenue per the statement of comprehensive income	344	33	377
Result			
Segment result	(3,537)	-	(3,537)
Unallocated result	-	(560)	(560)
Net loss before income tax per the statement of profit or loss and other comprehensive income	(3,537)	(560)	(4,097)
Assets and liabilities			
Segment assets	54,777	-	54,777
Unallocated assets	-	6,009	6,009
Total assets per the statement of financial position	54,777	6,009	60,786
Total assets includes:			
Purchase of PPE	1,361	-	1,361
Segment liabilities	79,699	-	79,699
Unallocated liabilities	-	21	21
Total liabilities per the statement of financial position	79,699	21	79,720

16. COMMITMENTS AND CONTINGENCIES

There have been no other material changes to or additional commitments or contingencies to those disclosed in the 30 June 2015 annual report.

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

As at the date of this report, no other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect, the operations of Sterling Plantations Limited and its controlled entities, the results of those operations or the state of affairs of Sterling Plantations Limited and its controlled entities in subsequent years.

Directors' Declaration

In accordance with a resolution of the Board of Directors of Sterling Plantations Limited, I state that:

1) In the opinion of the Directors:

   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act, 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

      (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) subject to matters set out in note 1 "going concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 31 December 2015.

On behalf of the Board of Directors

Andrew Phang
Group Executive Director
Perth 23 February 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sterling Plantations Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sterling Plantations Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sterling Plantations Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Sterling Plantations Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sterling Plantations Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which describes the principle conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue
Director

Perth, 23 February 2016