



29 August 2018

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

By: e-lodgement (ASX code SBI)

APPENDIX 4E – PRELIMINARY FINAL REPORT 30 JUNE 2018

Please find attached Sterling Plantations Limited's Appendix 4E Preliminary Final report for the year ended 30 June 2018.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shaun Menezes', with a stylized flourish at the end.

Shaun Menezes
Company Secretary



Sterling Plantations Limited

ACN 119 880 492



APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED 30 JUNE 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	30 June 2018 \$'000	30 June 2017 \$'000	Movement
Revenue	1,638	1,767	down 7%
Profit / (Loss) after tax	2,044	(14,106)	down 114%
Profit / (Loss) attributable to members	2,044	(14,106)	down 114%
Dividends proposed or paid	Nil	Nil	n/a
Cash held at year end	205	1,890	down \$1.685 Million
Net tangible liabilities per share	(0.73)	(0.69)	up 6%

STATEMENT OF COMPREHENSIVE INCOME

The consolidated gain after income tax for the year ended 30 June 2018 was \$2.044 million (2017: loss after tax of \$14.106 million).

Major components of expenses incurred by the Group are impairment of bearer plants expense of \$0.920 million (2017: \$2.047), employee benefits expense of \$1.351 million (2017: \$1.721 million) and lease expense of \$0.760 million (2017: \$0.684 million).

Due to the closure of the Grower Scheme, finance cost was written back from cost of \$5.245 million in 2017 to credit of \$3.427 million for the year ended 30 June 2018.

This also applies for the changes in fair value of growers fees from cost of \$1.009 million in 2017 to credit of \$2.576 million for the year ended 30 June 2018.

STATEMENT OF FINANCIAL POSITION

During the year under review, the Company's share capital remained unchanged at \$32.143 million.

Total assets of the Group are similar as the previous year.

Liabilities have increased due to increase in the grower fee liability in the current year. This is shown as the Total Liability, which has increased to \$81.412 million compared to \$78.410 million in 2017.

Net cash flows used in operating expenditure was \$2.696 million in 2018 compared to \$3.297 million in 2017.

Net cash flows used in investing activities increased to \$0.224 million as compared to \$0.057 million in the previous year. As in the previous year, there were proceeds from the sale of investment in properties, there was none in the current year.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (cont'd)

STATEMENT OF FINANCIAL POSITION (cont'd)

During the year, \$2.123 million (2017: \$2.186 million) was spent for capital expenditure and planting expenditure.

Net cash flows from financing activities decreased to \$1.122 million as compared to \$4.733 million in the previous year. This was mainly due to the closure of Grower Scheme in October 2017, thus the fund from sales of grower plots reduced during the year.

DIVIDENDS

No dividend was paid or is proposed for the year under review.

SIGNIFICANT EVENT DURING THE YEAR

Golden Palm Growers Berhad ("GPGB"), a subsidiary agreed to close the Growers Scheme with effect from 2 October 2017. Subsequently the sale of the plantation has been put in place.

SIGNIFICANT EVENT AFTER BALANCE SHEET DATE

Golden Palm Growers Berhad had appointed Grant Thornton Consulting Sdn Bhd ("GT") to carry out the tender exercise. The tender closes on 30 August 2018 and a decision on the sale will be finalised thereafter.

AUDIT INFORMATION

This report based on accounts which are in the process of being audited.



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- 1** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 2** Consolidated Statement of Financial Position
- 3** Consolidated Statement of Changes in Equity
- 4** Consolidated Statement of Cash Flows
- 5** Noted to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2018

	30 June 2018 \$'000	30 June 2017 \$'000
REVENUE	1,638	1,767
Other income	6	585
Changes in fair value of biological assets	(31)	13
Changes in fair value of bearer plants	(920)	(2,047)
Impairment on investment in properties	-	(3,526)
Changes in fair value of growers fees	2,576	(1,009)
Raw materials & consumable used	(158)	(176)
Growers Scheme costs	(106)	(549)
Employee benefits expense	(1,351)	(1,721)
Depreciation expense	(180)	(1,401)
Finance costs	3,427	(5,245)
Lease expense	(760)	(684)
Travel expense	(26)	(51)
Other expenses	(2,049)	(2,184)
PROFIT/(LOSS) BEFORE INCOME TAX	2,066	(16,228)
Income tax (expense) / benefit	(22)	2,122
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY	2,044	(14,106)
OTHER COMPREHENSIVE PROFIT/ (LOSS)		
<i>Items that may be re-classified to profit or loss</i>		
Asset revaluation reserve movement	-	(1,116)
Foreign currency translation	(4,680)	3,595
OTHER COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR, NET OF TAX	(4,680)	2,479
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(2,636)	(11,627)
PROFIT/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO MEMBERS OF STERLING PLANTATION LIMITED	2,044	(14,106)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR IS ATTRIBUTABLE TO MEMBERS OF STERLING PLANTATION LIMITED	(2,636)	(11,627)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted profit/(loss) per share (cents per share)	3.14	(21.70)

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 30 June 2018

	30 June 2018 \$'000	30 June 2017 \$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	205	1,890
Inventories	21	39
Biological Assets	-	43
Other current assets	264	504
Non-current assets held for sale	33,338	-
TOTAL CURRENT ASSETS	33,828	2,476
NON-CURRENT ASSETS		
Property, plant and equipment	-	8,406
Bearer Plants	-	22,583
TOTAL NON-CURRENT ASSETS	33,828	30,989
TOTAL ASSETS	33,828	33,465
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	555	716
Borrowings	1,471	1,271
Growers Scheme liability	79,363	15,368
TOTAL CURRENT LIABILITIES	81,389	17,355
NON-CURRENT LIABILITIES		
Tax liability	23	-
Growers Scheme liability	-	61,055
TOTAL NON-CURRENT LIABILITIES	23	61,055
TOTAL LIABILITIES	81,412	78,410
NET LIABILITIES	(47,584)	(44,945)
SHAREHOLDERS' DEFICIT		
Equity attributable to equity holders of the parent		
Issued capital	32,143	32,143
Accumulated losses	(77,415)	(79,459)
Reserves	(2,312)	2,371
TOTAL SHAREHOLDERS' DEFICIT	(47,584)	(44,945)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

CONSOLIDATED	Ordinary Shares \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Asset Revaluation Reserve \$'000	Total \$'000
At 30 June 2016	32,143	(65,353)	(1,224)	1,116	(33,318)
Loss for the year	-	(14,106)	-	-	(14,106)
Transactions with owner in their capacity as owner					
Foreign Currency Translation	-	-	3,595	-	3,595
Assets Revaluation Reserve	-	-	-	(1,116)	(1,116)
Total comprehensive loss for the year	-	(14,106)	3,595	(1,116)	(11,627)
At 30 June 2017	32,143	(79,459)	2,371	-	(44,945)
Profit for the year	-	2,044	-	-	2,044
Transactions with owner in their capacity as owner					
Foreign Currency Translation	-	-	(4,683)	-	(4,683)
Total comprehensive loss for the year	-	2,044	(4,683)	-	(2,639)
At 30 June 2018	32,143	(77,415)	(2,312)	-	(47,584)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

	30 June 2018 \$'000	30 June 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from trade customers	1,712	1,725
Receipts from others	6	196
Payments to suppliers and employees	(2,537)	(3,492)
Interest paid	-	(31)
Interest received	22	49
Plantation expenditure	(1,899)	(1,744)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(2,696)	(3,297)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment in properties	-	385
Purchase of property, plant and equipment	(224)	(297)
Prepayment for investment in properties	-	(145)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(224)	(57)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received under Growers Scheme	1,117	4,588
Funds received for payment of net yield	-	3,716
Net yield paid	-	(3,722)
Loan from shareholders	5	151
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,122	4,733
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,798)	1,379
NET FOREIGN EXCHANGE DIFFERENCES	113	(84)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,890	595
CASH AND CASH EQUIVALENTS AT END OF YEAR	205	1,890

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

1. OPERATING SEGMENTS

Types of products and services

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Corporate charges such as head office expenses and interest

The following table presents revenue and loss information for reportable segments for the years ended 30 June 2018 and 30 June 2017:

	Oil palm \$'000	Unallocated \$'000	Total \$'000
2018			
Revenue			
Sales	1,616	-	1,616
Finance income interest	22	-	22
Total revenue per the statement of profit or loss and other comprehensive income	1,638	-	1,638
Result			
Segment result	2,072	-	2,072
Unallocated expenses	-	(6)	(6)
Net (loss)/profit before income tax per the statement of profit or loss and other comprehensive income	2,072	(6)	2,066
Segment assets			
Segment assets	33,799	-	33,799
Unallocated assets	-	29	29
Total assets per the statement of financial position	33,799	29	33,828
Total assets includes:			
Purchase of PPE	224	-	224
Segment liabilities			
Segment liabilities	79,889	-	79,889
Unallocated liabilities	-	1,523	1,523
Total liabilities per the statement of financial position	79,889	1,523	81,412

1. OPERATING SEGMENTS (cont'd)

Types of products and services

Accounting policies and inter-segment transactions (cont'd)

	Oil palm \$'000	Unallocated \$'000	Total \$'000
2017			
Revenue			
Sales	1,734	-	1,734
Finance income interest	33	-	33
Total revenue per the statement of profit or loss and other comprehensive income	1,767	-	1,767
Result			
Segment result	(12,562)	-	(12,562)
Unallocated expenses	-	(3,666)	(3,666)
Net (loss)/profit before income tax per the statement of profit or loss and other comprehensive income	(12,562)	(3,666)	(16,228)
Segment assets			
Segment assets	33,434	-	33,434
Unallocated assets	-	31	31
Total assets per the statement of financial position	33,434	31	33,465
Total assets includes:			
Purchase of PPE	297	-	297
Segment liabilities			
Segment liabilities	77,115	-	77,115
Unallocated liabilities	-	1,295	1,295
Total liabilities per the statement of financial position	77,115	1,295	78,410

All non-current assets are held by entities domiciled in Malaysia.

2. REVENUES AND EXPENSES

	30 June 2018 \$'000	30 June 2017 \$'000
(a) Revenue		
Sales	1,616	1,734
Finance income – interest	22	33
	<u>1,638</u>	<u>1,767</u>
(b) Other income		
Management fees from Growers	-	153
Transfer fees	-	42
Insurance claim and others	6	390
	<u>6</u>	<u>585</u>
(c) Raw materials and consumable used		
	<u>158</u>	<u>176</u>
(d) Employee benefits expense		
Wages, salaries and bonus	1,285	1,607
Superannuation	40	74
Other benefits	26	40
	<u>1,351</u>	<u>1,721</u>
(e) Depreciation expense		
Property, plant and equipment, and bearer plants	180	1,401
(f) Finance costs		
Other loans	55	90
Net yield (net of payment) / expenses	(3,482)	5,155
	<u>(3,427)</u>	<u>5,245</u>

2. REVENUES AND EXPENSES (cont'd)

	30 June 2018 \$'000	30 June 2017 \$'000
(g) Lease payments included in statement of profit or loss and other comprehensive income		
Minimum lease payments - operating lease	23	31
Amortisation of initial lease payment	737	653
	<u>760</u>	<u>684</u>
(h) Other expenses		
Other expenses mainly comprise:		
Other Growers Scheme costs	141	144
Legal and professional fees	216	219
Motor vehicle running expenses	279	181
Cost of sales - FFB	878	900
Utilities and upkeep maintenance	69	262
Insurance	60	113
Others	406	365
	<u>2,049</u>	<u>2,184</u>

3. CURRENT ASSETS

	30 June 2018 \$'000	30 June 2017 \$'000
<i>Other current assets</i>		
Prepayments and deposits	136	209
Other receivables *	128	295
	<u>264</u>	<u>504</u>

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

4. NON-CURRENT ASSETS HELD FOR SALE

		30 June 2018	30 June 2017
	Note	\$'000	\$'000
Biological Assets	(a)	15	-
Property Plant and Equipment	(b)	9,299	-
Bearer Plants	(c)	24,024	-
		<u>33,338</u>	<u>-</u>

Non-current assets are classified as held for sale, if their carrying amount will be recovered principally through sale transaction rather than through continuing use as the sale is considered to be highly probable. The carrying amount of non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. Non-current assets are not depreciated while they are classified as held for sale.

In October 2017, following the decision by the Group to close the Grower Scheme, Golden Palm Growers Berhad ("GPGB"), a subsidiary agreed to close the Growers Scheme with effect from 2 October 2017. Subsequently the sale of the plantation has been put in place. Golden Palm Growers Berhad had appointed Grant Thornton Consulting Sdn Bhd ("GT") to carry out the tender exercise. The tender closes on 30 August 2018 and a decision on the sale will be finalised thereafter.

(a) BIOLOGICAL ASSETS

	30 June 2018	30 June 2017
	\$'000	\$'000
Carrying amount at beginning	43	34
Fair value adjustment	(31)	13
Effect of foreign exchange	3	(4)
Carrying amount at end	<u>15</u>	<u>43</u>

(b) PROPERTY, PLANT AND EQUIPMENT

	30 June 2018 \$'000	30 June 2017 \$'000
<i>Capital work-in-progress</i>	8	7
<i>Buildings</i>	1,568	1,471
<i>Motor vehicles</i>	95	71
<i>Office equipment</i>	63	74
<i>Plantation equipment and machinery</i>	1,056	1,000
<i>Leasehold Improvements</i>	6,509	5,783
Total property, plant and property,	9,299	8,406

(c) BEARER PLANTS

	30 June 2018 \$'000	30 June 2017 \$'000
Carrying amount at beginning of year	22,583	29,099
Depreciation	-	(764)
Changes in fair value of Bearer Plants	(920)	(3,163)
Effect of foreign exchange	2,361	(2,589)
Carrying amount at end of year	24,024	22,583

The bearer plants of the Company are stated at fair value less point-of-sale costs.

Both PPE and Bearer Plants has been reclassified to non-current assets held for sale as its subsidiary, Golden Palm Growers Berhad ("GPGB") agreed to close the Growers Scheme with effect from 2 October 2017. Subsequently the sale of the plantation has been put in place. Golden Palm Growers Berhad had appointed Grant Thornton Consulting Sdn Bhd ("GT") to carry out the tender exercise. The tender closes on 30 August 2018 and a decision on the sale will be finalised thereafter.

5. TRADE AND OTHER PAYABLES

	30 June 2018 \$'000	30 June 2017 \$'000
<i>Current</i>		
Other payables	555	716
	555	716

Current trade and other payables are non-interest bearing and are normally settled on agreed credit (usually 30 - 90 day) terms.

6. BORROWINGS

	30 June 2018 \$'000	30 June 2017 \$'000
<i>Current</i>		
Shareholders advances	1,471	1,271
	<u>1,471</u>	<u>1,271</u>

The unsecured loan from a founder shareholder is a standby credit line of up to RM8 million equivalent to \$2.681 million. The loan is repayable on demand and may be drawn down from time to time for working capital purposes. Interest is payable at the base lending rate of a leading Malaysian financial institution of an average of 4.52% per annum. There are no conversion rights attached to the loan. The shareholder has undertaken not to recall this loan in the next 12 months unless the Group has the funds to repay the facility.

7. GROWERS SCHEME LIABILITY

	30 June 2018 \$'000	30 June 2017 \$'000
<i>Current</i>		
Financial liability at cost and fair value through profit or loss, at reporting date	79,363	15,368
<i>Non-current</i>		
Financial liability at fair value through profit or loss, at reporting date	-	61,055
TOTAL	<u>79,363</u>	<u>76,423</u>

Growers Scheme Liability movement

	30 June 2018 \$'000	30 June 2017 \$'000
Carrying amount at beginning of year	76,423	76,805
Growers fees received	1,183	10,808
Growers repurchase	-	(6,317)
Change in fair value	(2,576)	1,009
Net yield payable (net of payment)	(3,481)	1,402
Effect of foreign exchange	7,814	(7,284)
Carrying amount at end of year	<u>79,363</u>	<u>76,423</u>

Golden Palm Growers Berhad ("GPGB"), a subsidiary agreed to close the Growers Scheme with effect from 2 October 2017. Subsequently the sale of the plantation has been put in place. Golden Palm Growers Berhad had appointed Grant Thornton Consulting Sdn Bhd ("GT") to carry out the tender exercise. The tender closes on 30 August 2018 and a decision on the sale will be finalised thereafter. The liability as at 30 June 2018 will be capped to the amount of net proceeds from the sale of the plantation less cost to sell.

8. PROFIT/(LOSS) PER SHARE

	30 June 2018 \$'000	30 June 2017 \$'000
Profit /(Loss) used in calculating basic profit /(loss) per share	2,066	(14,106)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	65,000,000	65,000,000

As at 30 June 2018, there has been no option granted or vested to employees or Key Management Personnel.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

9. STATEMENT OF CASH FLOWS

	30 June 2018 \$'000	30 June 2017 \$'000
Reconciliation of cash and cash equivalents		
Cash balances comprise:		
Cash at bank	71	770
Deposits with licensed banks	134	1,120
	<hr/> 205	<hr/> 1,890

10. INVESTMENT IN CONTROLLED ENTITIES

CONTROLLED ENTITY	PRINCIPAL ACTIVITY	Place of business	BENEFICIAL % HELD BY THE CONSOLIDATED ENTITY	
			2018 %	2017 %
Sterling Plantations Sdn Bhd	Investment holding	Malaysia	100	100
Golden Palm Growers Berhad	Plantation development and cultivation of palm products	Malaysia	100	100
SPC Palm Mills Sdn Bhd *	Milling of palm products	Malaysia	-	100
Golden Palm Marketing Sdn Bhd *	Marketing of oil palm plantation plots	Malaysia	-	100

Investment in the controlled entities is in ordinary shares.

* These companies are in the process of liquidation