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The Manager
Company Announcements Office
Australian Securities Exchange
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PERTH WA 6000

By: e-lodgement (ASX code SBI)

APPENDIX 4E – PRELIMINARY FINAL REPORT 30 JUNE 2017

Please find attached Sterling Plantations Limited's Appendix 4E Preliminary Final Report for the year ended 30 June 2017.

Yours sincerely

A handwritten signature in dark 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 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	30 June 2017 \$'000	30 June 2016 \$'000 (restated)	Movement
Revenue	1,767	1,334	up 32%
(Loss)/Profit after tax	(14,107)	(9,783)	up 44%
(Loss)/Profit attributable to members	(14,107)	(9,783)	up 44%
Dividends proposed or paid	Nil	Nil	n/a
Cash held at year end	1,890	595	Up \$1.29 Million
Net tangible liabilities per share	(0.69)	(0.51)	up 37%

STATEMENT OF COMPREHENSIVE INCOME

The consolidated loss after income tax for the year ended 30 June 2017 was \$14.107 million (2016: loss after tax of \$9.783 million).

The Group's Growers Scheme, which was launched by its subsidiary, Golden Palm Growers Berhad "GPGB" in Malaysia in August 2010, has raised \$4.588 million in the current year.

During the year, an impairment of properties of \$3.526 million was a result of the non-completion of investment properties in Kensington High Street in London. The Group will take all necessary steps to oppose the termination, if appropriate, and is reviewing its legal options in light of this termination.

The impairment of bearer plant expenses is related to the adjustment to the planted areas.

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 decreased to \$33.465 million (2016: \$47.553 million) mainly due to impairment in investment properties in Kensington High Street in London and impairment in biological assets due to adjustment in the plantable areas.

Liabilities have decreased slightly due to decrease in the deferred tax liabilities in the current year. This is shown as the Total Liability, which has decreased to \$78.410 million compared to \$80.871 million in 2016.

Net cash flows used in operating expenditure was \$3.297 million in 2017 compared to \$3.198 million in 2016.

Net cash flows used in investing activities decreased to \$0.057 million as compared to \$1.340 million in the previous year.



RESULTS FOR ANNOUNCEMENT TO THE MARKET (cont'd)

STATEMENT OF FINANCIAL POSITION (cont'd)

During the year, \$2.186 million (2016: \$3.956 million) was spent for capital expenditure and planting expenditure.

Net cash flows from financing activities increased to \$4.733 million as compared to \$1.933 million in the previous year. This was mainly due to fund from sales of grower plots of \$4.588 million.

DIVIDENDS

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

AUDIT INFORMATION

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

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Certain proposals relating to the Group's Growers Scheme are being finalised. Completion of the audit of the accounts of its subsidiary, GPGB are pending finalisation of those proposals. The outcome of this will have an effect on the accounts of the Holding Company.



CONTENTS

- 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** Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2017

	30 June 2017 \$'000	30 June 2016 \$'000 (restated)
REVENUE	1,767	1,334
Other income	585	187
Changes in fair value of biological assets	13	26
Impairment of bearer plants expenses	(1,518)	-
Impairment on investment in properties	(3,526)	-
Fair value gain/ (loss) on financial assets at fair value through profit or loss	-	104
Changes in fair value of growers fees	(1,009)	1
Raw materials & consumable used	(176)	(243)
Growers Scheme costs	(549)	-
Employee benefits expense	(1,721)	(2,750)
Depreciation expense	(1,604)	(1,219)
Finance costs	(5,245)	(5,528)
Lease expense	(684)	(736)
Travel expense	(51)	(69)
Other expenses	(2,184)	(1,802)
LOSS BEFORE INCOME TAX	<u>(15,902)</u>	<u>(10,695)</u>
Income tax benefit	1,795	912
LOSS AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY	<u>(14,107)</u>	<u>(9,783)</u>
OTHER COMPREHENSIVE PROFIT/ (LOSS)		
<i>Items that may be re-classified to profit or loss</i>		
Foreign currency translation	3,596	660
OTHER COMPREHENSIVE PROFIT/ (LOSS) FOR THE YEAR, NET OF TAX	<u>3,596</u>	<u>660</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(10,511)</u>	<u>(9,123)</u>
LOSS FOR THE YEAR IS ATTRIBUTABLE TO MEMBERS OF STERLING PLANTATIONS LIMITED	<u>(14,107)</u>	<u>(9,783)</u>
	<u>(14,107)</u>	<u>(9,783)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR IS ATTRIBUTABLE TO MEMBERS OF STERLING PLANTATIONS LIMITED	<u>(10,511)</u>	<u>(9,123)</u>
	<u>(10,511)</u>	<u>(9,123)</u>
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted loss per share (cents per share)	(21.70)	(15.05)

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 2017

	30 June 2017 \$'000	30 June 2016 \$'000 (restated)	30 June 2015 \$'000 (restated)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,890	595	3,269
Restricted deposits	-	4,016	4,135
Inventories	39	60	71
Biological Assets	43	34	8
Other current assets	504	4,125	4,135
Financial assets at fair value through profit or loss	-	-	468
TOTAL CURRENT ASSETS	2,476	8,830	12,086
NON-CURRENT ASSETS			
Restricted deposits	-	-	4,931
Property, plant and equipment	8,406	9,624	9,738
Bearer Plants	22,583	29,099	28,951
TOTAL NON-CURRENT ASSETS	30,989	38,723	43,620
TOTAL ASSETS	33,465	47,553	55,706
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9,574	8,826	7,325
Borrowings	1,271	1,180	49
Growers Scheme liability	6,510	6,694	-
TOTAL CURRENT LIABILITIES	17,355	16,700	7,374
NON-CURRENT LIABILITIES			
Borrowings	-	-	99
Deferred tax liability	-	2,294	2,945
Growers Scheme liability	61,055	61,877	70,599
TOTAL NON-CURRENT LIABILITIES	61,055	64,171	73,643
TOTAL LIABILITIES	78,410	80,871	81,017
NET LIABILITIES	(44,945)	(33,318)	(25,311)
SHAREHOLDERS' DEFICIT			
Equity attributable to equity holders of the parent			
Issued capital	32,143	32,143	32,143
Accumulated losses	(79,460)	(65,353)	(54,987)
Reserves	2,372	(108)	(2,467)
TOTAL SHAREHOLDERS' DEFICIT	(44,945)	(33,318)	(25,311)

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 2017

	Ordinary Shares	Accumulated Losses	Employee Equity Benefits Reserve	Foreign Currency Translation Reserve	Equity Reserve	Asset Revaluation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED							
At 30 June 2015 (restated)	32,143	(54,987)	234	(1,884)	(817)		(25,311)
Loss for the year	-	(9,783)	-	-	-	-	(9,783)
Foreign Currency Translation	-	-	-	660	-	-	660
Transfer of reserve on employee equity benefit reserve	-	234	(234)	-	-	-	-
Transfer of reserve on equity reserve	-	(817)	-	-	817	-	-
Assets Revaluation Reserve	-	-	-	-	-	1,116	1,116
Total comprehensive loss for the year	-	(10,366)	(234)	660	817	1,116	(8,007)
At 30 June 2016	32,143	(65,353)	-	(1,224)	-	1,116	(33,318)
Loss for the year	-	(14,107)	-	-	-	-	(14,107)
Foreign Currency Translation	-	-	-	3,596	-	-	3,596
Asset Revaluation Reserve	-	-	-	-	-	(1,116)	(1,116)
Total comprehensive loss for the year	-	(14,107)	-	3,596	-	(1,116)	(11,627)
At 30 June 2017	32,143	(79,460)	-	2,372	-	-	(44,945)

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 2017

	30 June 2017 \$'000	30 June 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from trade customers	1,725	1,049
Receipts from others	196	187
Payments to suppliers and employees	(3,492)	(2,942)
Interest paid	(31)	(6)
Interest received	49	384
Plantation expenditure	(1,744)	(1,870)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(3,297)</u>	<u>(3,198)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment in properties	385	314
Purchase of property, plant and equipment	(297)	(1,065)
Prepayment for investment in properties	(145)	(1,021)
Proceeds from sales of shares and others	-	432
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(57)</u>	<u>(1,340)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received under Growers Scheme	4,588	-
Refund of reserve margin	-	768
Funds received for payment of net yield	3,716	3,992
Net yield paid	(3,722)	(3,990)
Loan from shareholders	151	1,163
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>4,733</u>	<u>1,933</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,379	(2,605)
NET FOREIGN EXCHANGE DIFFERENCES	(84)	(69)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	595	3,269
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,890</u>	<u>595</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2017 and 30 June 2016:

2017	Oil palm \$'000	Unallocated \$'000	Total \$'000
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	(12,236)		(12,236)
Unallocated expenses		(3,666)	(3,666)
Net (loss)/profit before income tax per the statement of profit or loss and other comprehensive income	(12,236)	(3,666)	(15,902)
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

1 OPERATING SEGMENTS (cont'd)

Types of products and services

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

2016 (restated)	Oil palm \$'000	Unallocated \$'000	Total \$'000
Revenue			
Sales	1,157	-	1,157
Finance income interest	177	-	177
Total revenue per the statement of profit or loss and other comprehensive income	1,334	-	1,334
Result			
Segment result	(10,614)	-	(10,614)
Unallocated expenses	-	(81)	(81)
Net (loss)/profit before income tax per the statement of profit or loss and other comprehensive income	(10,614)	(81)	(10,695)
Segment assets			
Segment assets	43,889	-	43,889
Unallocated assets	-	3,664	3,664
Total assets per the statement of financial position	43,855	3,664	47,553
Total assets includes:			
Purchase of PPE	1,065	-	1,065
Segment liabilities			
Segment liabilities	79,673	-	79,673
Unallocated liabilities	-	1,198	1,198
Total liabilities per the statement of financial position	79,673	1,198	80,871

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2 REVENUES AND EXPENSES

	30 June 2017 \$'000	30 June 2016 \$'000
(a) Revenue		
Sales	1,734	1,157
Finance income – interest	33	177
	<u>1,767</u>	<u>1,334</u>
(b) Other income		
Management fees	153	164
Transfer fees	42	8
Insurance claim and others	390	15
	<u>585</u>	<u>187</u>
(c) Raw materials and consumable used	<u>176</u>	<u>243</u>
(d) Employee benefits expense		
Wages, salaries and bonus	1,607	2,622
Superannuation	74	72
Other benefits	40	56
	<u>1,721</u>	<u>2,750</u>
(e) Depreciation expense		
Property, plant and equipment	<u>1,604</u>	<u>1,219</u>
(f) Finance costs		
Other loans	90	9
Net yield expenses	5,155	5,519
	<u>5,245</u>	<u>5,528</u>

Net yield expenses are contractually fixed at 9%, however in compliance with the AASB 139 standards, an accrual of interest at the rate of 7.68% (Effective Interest Rate) are projected to be the same at the contractual rate of 6%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2 REVENUES AND EXPENSES (cont'd)

	30 June 2017 \$'000	30 June 2016 \$'000
(g) Lease payments included in statement of profit or loss and other comprehensive income		
Minimum lease payments - operating lease	31	34
Amortisation of initial lease payment	653	702
	<u>684</u>	<u>736</u>
(h) Other expenses		
Other expenses mainly comprise:		
Other Growers Scheme costs	144	27
Legal and professional fees	219	182
Motor vehicle running expenses	181	269
Cost of sales - FFB	900	630
Utilities and upkeep maintenance	262	86
Insurance	113	134
Others	365	474
	<u>2,184</u>	<u>1,802</u>

3 BEARER PLANTS

	30 June 2017 \$'000	30 June 2016 \$'000
Carrying amount at beginning of year	29,099	28,951
Impairment of bearer plants adjustment	(3,845)	973
Effect of foreign exchange	(2,671)	(825)
Carrying amount at end of year	<u>22,583</u>	<u>29,099</u>

Bearer plants consist mainly of immature oil palm trees.

The Group grows oil palm trees for trading purposes, as part of its normal operations. The plantation is located in Malaysia. First harvest will be upon maturity of trees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4 BORROWINGS

	30 June 2017 \$'000	30 June 2016 \$'000
<i>Current</i>		
Obligations under hire purchase contracts	-	4
Shareholders advances	1,271	1,176
	<u>1,271</u>	<u>1,180</u>

The unsecured loan from a founder shareholder is a standby credit line of up to RM5 million equivalent to 1.514 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 4.45% per annum. There are no conversion rights attached to the loan. The shareholder is undertaken not to recall this loan in the next 12 months unless the Group has the funds to repay the facility.

5 PROFIT/(LOSS) PER SHARE

	30 June 2017 \$'000	30 June 2016 \$'000
Loss used in calculating basic loss per share	(14,107)	(9,783)
	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 2017, 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.

6 STATEMENT OF CASH FLOWS

	30 June 2017 \$'000	30 June 2016 \$'000
(a) Reconciliation of cash and cash equivalents		
Cash balances comprise:		
Cash at bank	770	44
Deposits with licensed banks	1,120	551
	<u>1,890</u>	<u>595</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

7 INVESTMENT IN CONTROLLED ENTITIES

CONTROLLED ENTITY	PRINCIPAL ACTIVITY	Place of business	BENEFICIAL % HELD BY THE CONSOLIDATED ENTITY	
			2017 %	2016 %
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	100
Golden Palm Marketing Sdn Bhd	Marketing of oil palm plantation plots	Malaysia	100	100

Investment in the controlled entities is in ordinary shares.