



29 August 2019

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

By: e-lodgement (ASX code SBI)

**APPENDIX 4E – PRELIMINARY FINAL REPORT 30 JUNE 2019**

Please find attached Sterling Plantations Limited's Appendix 4E Preliminary Final report for the year ended 30 June 2019.

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 2019**

# RESULTS FOR ANNOUNCEMENT TO THE MARKET

## KEY INFORMATION

	30 June 2019 \$'000	30 June 2018 \$'000	Movement
Revenue	1,262	1,638	down 23%
Profit / (Loss) after tax	(6,284)	2,044	down 407%
Profit / (Loss) attributable to members	(6,284)	2,044	down 407%
Dividends proposed or paid	Nil	Nil	
Cash held at year end	76	205	
Net tangible liabilities per share (\$/share)	(0.85)	(0.73)	

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Consolidated Loss after Income Tax for the year ended 30 June 2019 is \$6.284 million (2018: Gain after tax of \$2.044 million).

Major components of expenses incurred by the Group are impairment of bearer plants expense of \$4.121 million (2018: \$0.920), employee benefits expense of \$0.972 million (2018: \$1.351 million) and lease expenses of \$0.872 million (2018: \$0.760 million).

The impairment of bearer plants expense is a reflection of the depressed Crude Palm Oil prices during the year under review, which in-turn have an effect on the bearer plant model.

## CONSOLIDATED 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 declined from \$33.828 million to \$29.930 million for the year ended 30 June 2019.

Due to the lower available Net Cash Outflows, the liabilities increased. This included increases in the trade and other payables from \$0.555 million to \$1.551 million for the year ended 30 June 2019, the loan from the founder shareholder, classified under Borrowings, increased from \$1.471 million in 2018 to \$2.062 million for the year ended 30 June 2019. The Total Current Liabilities at \$85.151 million compares to \$81.389 million in 2018. The increase is mainly due to expenditure at the subsidiary to maintain the plantation asset so as to attain best prices for the anticipated disposal as set-out in the Notes to the Consolidated Financial Statements.

## **RESULTS FOR ANNOUNCEMENT TO THE MARKET (cont'd)**

### **CONSOLIDATED STATEMENT OF CASH FLOWS**

Net cash flows used in operating expenditure was \$0.799 million in 2019 compared to \$2.696 million in 2018. Net cash flows used in investing activities decreased to \$0.002 million as compared to \$0.224 million in the previous year.

During the year, \$1.216 million (2018: \$2.123 million) was spent for capital expenditure and planting expenditure.

Net cash flows from financing activities decreased to \$0.517 million as compared to \$1.122 million in the previous year. This was mainly due to the closure of Grower Scheme in October 2017. There were no more funds from the sales of grower plots.

### **DIVIDENDS**

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

### **SIGNIFICANT EVENTS DURING THE YEAR**

Golden Palm Growers Berhad ("GPGB"), a subsidiary had closed their Growers Scheme on 2 October 2017. Subsequent attempts to sell the plantation had a lukewarm response, due to the Global economic position, the slump in Crude Palm Oil prices and the changes in the political scene in Malaysia.

With this position, Growers were offered 2 alternatives at a Growers Meeting held on 22 April 2019. The alternatives were to:

- (a) Continue the Plantation with a white knight; or
- (b) Sell by Tender, albeit into a weak market.

The offered alternatives were not carried with the Growers and this put the Growers Scheme into a stalemate.

### **SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

The Malaysian subsidiary, GPGB, approached the Regulator for them to exercise their powers of intervention, so as to effect a sale of the plantation and distribute the proceeds to the Growers in accordance to the terms of the Trust Deed executed for the Growers Scheme. There was no positive response to our request.

As a consequence, upon advice from GPGB's solicitors, GPGB had on 12 July 2019, filed an application in the High Court of Malaya for an order for the Winding-Up of the Growers Scheme. This will entail the appointment of a Liquidator for the Growers Scheme. The Liquidator will act in the interest of all Growers and sell the Plantation. GPGB has an entitlement of 39.7% of all the Grower plots and is categorized as a Grower too.

A hearing for the originating summons has been fixed for 26 September 2019.

### **AUDIT INFORMATION**

This report is based on accounts which have not yet been audited.





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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

	30 June 2019 \$'000	30 June 2018 \$'000
<b>REVENUE</b>	1,262	1,638
Other income	15	6
Changes in fair value of biological assets	(5)	(31)
Changes in fair value of bearer plants	(4,121)	(920)
Changes in fair value of growers fees	-	2,576
Raw materials & consumable used	(155)	(158)
Growers Scheme costs	-	(106)
Employee benefits expense	(972)	(1,351)
Depreciation expense	(313)	(180)
Finance costs	133	3,427
Lease expense	(872)	(760)
Travel expense	(14)	(26)
Other expenses	(1,210)	(2,049)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>(6,252)</b>	<b>2,066</b>
Income tax (expense) / benefit	(32)	(22)
<b>PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY</b>	<b>(6,284)</b>	<b>2,044</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Items that may be re-classified to profit or loss</i>		
Foreign currency translation	(1,409)	(4,683)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(1,409)</b>	<b>(4,683)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(7,693)</b>	<b>(2,639)</b>
<b>PROFIT/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO MEMBERS OF STERLING PLANTATION LIMITED</b>	<b>(6,284)</b>	<b>2,044</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR IS ATTRIBUTABLE TO MEMBERS OF STERLING PLANTATION LIMITED</b>	<b>(7,693)</b>	<b>(2,639)</b>
<b>PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted profit/(loss) per share (cents per share)	(9.67)	3.14

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 2019

	30 June 2019 \$'000	30 June 2018 \$'000
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	76	205
Inventories	19	21
Other current assets	70	264
Non-current assets held for sale	29,765	33,338
<b>TOTAL CURRENT ASSETS</b>	<b>29,930</b>	<b>33,828</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	-	-
Bearer Plants	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>29,930</b>	<b>33,828</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,551	555
Borrowings	2,062	1,471
Growers Scheme liability	81,538	79,363
<b>TOTAL CURRENT LIABILITIES</b>	<b>85,151</b>	<b>81,389</b>
<b>NON-CURRENT LIABILITIES</b>		
Tax liability	56	23
Growers Scheme liability	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>56</b>	<b>23</b>
<b>TOTAL LIABILITIES</b>	<b>85,207</b>	<b>81,412</b>
<b>NET LIABILITIES</b>	<b>(55,277)</b>	<b>(47,584)</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Equity attributable to equity holders of the parent		
Issued capital	32,143	32,143
Accumulated losses	(83,699)	(77,415)
Reserves	(3,721)	(2,312)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	<b>(55,277)</b>	<b>(47,584)</b>

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 2019

CONSOLIDATED	Ordinary Shares \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
<b>At 30 June 2017</b>	32,143	(79,459)	2,371	(44,945)
Profit for the year	-	2,044	-	2,044
<b>Transactions with owner in their capacity as owner</b>				
Foreign Currency Translation	-	-	(4,683)	(4,683)
<b>Total comprehensive loss for the year</b>	-	2,044	(4,683)	(2,639)
<b>At 30 June 2018</b>	32,143	(77,415)	(2,312)	(47,584)
Loss for the year	-	(6,284)	-	(6,284)
<b>Transactions with owner in their capacity as owner</b>				
Foreign Currency Translation	-	-	(1,409)	(1,409)
<b>Total comprehensive loss for the year</b>	-	(6,284)	(1,409)	(7,693)
<b>At 30 June 2019</b>	32,143	(83,699)	(3,721)	(55,277)

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	30 June 2019 \$'000	30 June 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from trade customers	1,328	1,712
Receipts from others	15	6
Payments to suppliers and employees	(953)	(2,537)
Interest received	1	22
Plantation expenditure	(1,190)	(1,899)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(799)</b>	<b>(2,696)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	24	-
Purchase of property, plant and equipment	(26)	(224)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(2)</b>	<b>(224)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Funds received under Growers Scheme	-	1,117
Loan from shareholders	517	5
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>517</b>	<b>1,122</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(284)</b>	<b>(1,798)</b>
<b>NET FOREIGN EXCHANGE DIFFERENCES</b>	<b>155</b>	<b>113</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>205</b>	<b>1,890</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>76</b>	<b>205</b>

The Consolidated Statement of Cash Flows 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 2019 and 30 June 2018:

	Oil palm \$'000	Unallocated \$'000	Total \$'000
<b>2019</b>			
<b>Revenue</b>			
Sales	1,261	-	1,261
Finance income interest	1	-	1
Total revenue per the statement of profit or loss and other comprehensive income	1,262	-	1,262
<b>Result</b>			
Segment result	(6,260)	-	(6,260)
Unallocated revenue	-	8	8
Net (loss)/profit before income tax per the statement of profit or loss and other comprehensive income	(6,260)	8	(6,252)
<b>Segment assets</b>			
Segment assets	29,923	-	29,923
Unallocated assets	-	7	7
Total assets per the statement of financial position	29,923	7	29,930
Total assets includes:			
Purchase of PPE	26	-	26
<b>Segment liabilities</b>			
Segment liabilities	82,972	-	82,972
Unallocated liabilities	-	2,235	2,235
Total liabilities per the statement of financial position	82,972	2,235	85,207

# 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)

	Oil palm \$'000	Unallocated \$'000	Total \$'000
<b>2018</b>			
<b>Revenue</b>			
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
<b>Result</b>			
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
<b>Segment assets</b>			
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
<b>Segment liabilities</b>			
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

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 2019 \$'000	30 June 2018 \$'000
<b>(a) Revenue</b>		
Sales	1,261	1,616
Finance income – interest	1	22
	<u>1,262</u>	<u>1,638</u>
<b>(b) Other income</b>		
Insurance claim and others	15	6
	<u>15</u>	<u>6</u>
<b>(c) Raw materials and consumable used</b>	<u>155</u>	<u>158</u>
<b>(d) Employee benefits expense</b>		
Wages, salaries and bonus	928	1,285
Superannuation	33	40
Other benefits	11	26
	<u>972</u>	<u>1,351</u>
<b>(e) Depreciation expense</b>		
Property, plant and equipment, and bearer plants	<u>313</u>	<u>180</u>
<b>(f) Finance costs</b>		
Other loans	(133)	55
Net yield (net of payment) / expenses	-	(3,482)
	<u>(133)</u>	<u>(3,427)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2. REVENUES AND EXPENSES (cont'd)

	30 June 2019 \$'000	30 June 2018 \$'000
<b>(g) Lease payments included in statement of profit or loss and other comprehensive income</b>		
Minimum lease payments - operating lease	6	23
Amortisation of initial lease payment	866	737
	<u>872</u>	<u>760</u>
<b>(h) Other expenses</b>		
Other expenses mainly comprise:		
Other Growers Scheme costs	18	141
Legal and professional fees	181	216
Motor vehicle running expenses	197	279
Cost of sales - FFB	592	878
Utilities and upkeep maintenance	34	69
Insurance	29	60
Others	159	406
	<u>1,210</u>	<u>2,049</u>

### 3. CURRENT ASSETS

	30 June 2019 \$'000	30 June 2018 \$'000
<i>Other current assets</i>		
Prepayments and deposits	5	136
Other receivables *	65	128
	<u>70</u>	<u>264</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 4. NON-CURRENT ASSETS HELD FOR SALE

		30 June 2019 \$'000	30 June 2018 \$'000
	Note		
Biological Assets	(a)	9	15
Property Plant and Equipment	(b)	9,262	9,299
Bearer Plants	(c)	20,494	24,024
		<u>29,765</u>	<u>33,338</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.

The Malaysian subsidiary, GPGB had on 12 July 2019, filed an application in the High Court of Malaya for an order for the Winding-Up of the Growers Scheme. This will entail the appointment of a liquidator for the Growers Scheme. The liquidator will act in the interest of all Growers and put the Plantation for sale.

#### (a) BIOLOGICAL ASSETS

	30 June 2019 \$'000	30 June 2018 \$'000
Carrying amount at beginning	15	43
Fair value adjustment	(5)	(31)
Effect of foreign exchange	(1)	3
Carrying amount at end	<u>9</u>	<u>15</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 4. NON-CURRENT ASSETS HELD FOR SALE (cont'd)

#### (b) PROPERTY, PLANT AND EQUIPMENT

	30 June 2019 \$'000	30 June 2018 \$'000
<i>Capital work-in-progress</i>	8	8
<i>Buildings</i>	1,486	1,568
<i>Motor vehicles</i>	64	95
<i>Office equipment</i>	46	63
<i>Plantation equipment and machinery</i>	983	1,056
<i>Leasehold Improvements</i>	6,675	6,509
Total property, plant and property,	<u>9,262</u>	<u>9,299</u>

#### (c) BEARER PLANTS

	30 June 2019 \$'000	30 June 2018 \$'000
Carrying amount at beginning of year	24,024	22,583
Changes in fair value of Bearer Plants	(4,121)	(920)
Effect of foreign exchange	591	2,361
Carrying amount at end of year	<u>20,494</u>	<u>24,024</u>

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 the Malaysian subsidiary, GPGB had on 12 July 2019, filed an application in the High Court of Malaya for an order for the Winding-Up of the Growers Scheme. This will entail the appointment of a liquidator for the Growers Scheme. The liquidator will act in the interest of all Growers and put the Plantation for sale.

### 5. TRADE AND OTHER PAYABLES

	30 June 2019 \$'000	30 June 2018 \$'000
<i>Current</i>		
Other payables	<u>1,551</u>	<u>555</u>
	<u>1,551</u>	<u>555</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 6. BORROWINGS

	30 June 2019 \$'000	30 June 2018 \$'000
<i>Current</i>		
Shareholders advances	2,062	1,471
	<u>2,062</u>	<u>1,471</u>

The unsecured loan from a founder shareholder is a standby credit line of up to RM8.1 million equivalent to \$2.789 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 landing rate of a leading Malaysian financial institution of between 4.45% and 6.65% per annum respectively. The founder shareholder has indicated that he will be reducing the line of Standby Credit, to both the Group and the subsidiary, as an application to the High Court, Malaya for the winding-up of the Growers Scheme will entail a non-recovery of the founder shareholder loan.

### 7. GROWERS SCHEME LIABILITY

	30 June 2019 \$'000	30 June 2018 \$'000
<i>Current</i>		
Financial liability at cost and fair value through profit or loss, at reporting date	81,538	79,363
<i>Non-current</i>		
Financial liability at fair value through profit or loss, at reporting date	-	-
<b>TOTAL</b>	<u>81,538</u>	<u>79,363</u>

#### *Growers Scheme Liability movement*

	30 June 2019 \$'000	30 June 2018 \$'000
Carrying amount at beginning of year	79,363	76,423
Growers fees received	-	1,183
Change in fair value	-	(2,576)
Net yield payable (net of payment)	-	(3,481)
Effect of foreign exchange	2,175	7,814
<b>Carrying amount at end of year</b>	<u>81,538</u>	<u>79,363</u>

GPGB, a Malaysian subsidiary had closed their Growers Scheme on 2 October 2017 and on 12 July 2019, GPGB, filed an application in the High Court of Malaya for an order for the Winding-Up of the Growers Scheme. This will entail the appointment of a Liquidator for the Growers Scheme. The Liquidator will act in the interest of all Growers and sell the Plantation.

The Growers Scheme liability is capped to the Growers entitlement of their share in the distribution of the Sales Proceeds of the Plantation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 8. PROFIT/(LOSS) PER SHARE

	30 June 2019	30 June 2018
	\$'000	\$'000
Profit /(Loss) used in calculating basic profit /(loss) per share	(6,252)	2,066
	<b>Number</b>	<b>Number</b>
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 2019, there has been no options 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 2019	30 June 2018
	\$'000	\$'000
Reconciliation of cash and cash equivalents		
Cash balances comprise:		
Cash at bank	76	71
Deposits with licensed banks	-	134
	<u>76</u>	<u>205</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 10. INVESTMENT IN CONTROLLED ENTITIES

CONTROLLED ENTITY	PRINCIPAL ACTIVITY	Place of business	BENEFICIAL % HELD BY THE CONSOLIDATED ENTITY	
			2019 %	2018 %
Sterling Plantations Sdn Bhd	Investment holding	Malaysia	100	100
Golden Palm Growers Berhad	Plantation development and cultivation of palm products	Malaysia	100	100
Golden Palm Marketing Sdn Bhd *	Marketing of oil palm plantation plots	Malaysia	-	-

Investment in the controlled entities is in ordinary shares.

\* This company is in the process of liquidation.