Company No.

647766	V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

30 JUNE 2017

Company No.

647766	V

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

DIRECTORS

Tan Sri Dato' A. Ghani Othman
Tan Sri Datuk Dr. Yusof Basiran
Tan Sri Dato' Seri Mohd Bakke Salleh
Muhammad Lutfi
Datuk Zaiton Mohd Hassan
Dato' Mohamad Nasir Bin Ab. Latif
Dato' Mohd Nizam Bin Zainordin
Dato' Che Abdullah @ Rashidi Che Omar
Zainal Abidin Bin Jamal
Tan Ting Min

SECRETARY

Azrin Nashiha Abdul Aziz

JOINT SECRETARY

Norhelza Ujang

AUDITORS

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

REGISTERED OFFICE

Level 10, Main Block, Plantation Tower
No. 2, Jalan PJU 1A/7, Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

LEGAL FORM

Public company limited by shares

PLACE OF INCORPORATION AND DOMICILE

Malaysia

Company No.

647766	V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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Company No.
647766	V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The Directors have pleasure in presenting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber, other palm oil and rubber related products and investment holding.

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 53 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

CONVERSION TO A PUBLIC COMPANY

On 20 July 2017, the Company was converted from a private limited liability company to a public limited company and assumed the name Sime Darby Plantation Berhad with effect from that date.

CORPORATE PROPOSAL

On 27 February 2017, the Board of Directors of the immediate holding company announced the listing of the Company as a standalone listed entity which will be a pure play in the plantation sector on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposed Listing") with the aim of unlocking sustainable value. The Proposed Listing involves the distribution of the immediate holding company's entire shareholding in the Company to shareholders of the immediate holding company.

The completion of the Proposed Listing is subjected to the approval of the Securities Commission, Bursa Securities and shareholders of the immediate holding company.

FINANCIAL RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit before tax	4,030,963	2,740,477
Tax expense	(479,053)	(145,143)
Profit for the financial year	3,551,910	2,595,334
Profit for the financial year attributable to:		
- equity holder of the Company	3,507,099	2,592,610
- Perpetual Sukuk	2,724	2,724
- non-controlling interests	42,087	-
	3,551,910	2,595,334

FINANCIAL RESULTS (CONTINUED)

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except for the following:
- change in accounting framework as disclosed in Note 52 to the financial statements;
- gain on disposal of land to Kumpulan Sime Darby Berhad of RM2.47 billion;
- impairment of property, plant and equipment in Sime Darby Plantation (Liberia) Inc ("SDP Liberia"), a wholly-owned subsidiary of the Company of RM202.3 million as disclosed in Note 16(e) to the financial statements; and
- impairment of cost of investment in SDP Liberia of RM303.7 million as disclosed in Note 20 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

		RM'000
(a)	First interim single tier dividend of RM0.50 per ordinary share, paid on 20 January 2017	300,000
(b)	Second interim single tier dividend of RM1.00 per ordinary share, paid on 8 June 2017	600,000
		900,000

The Directors do not recommend payment of final dividend in respect of the financial year ended 30 June 2017.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL, PERPETUAL SUKUK AND DEBENTURES

There were no changes in the issued and paid-up share capital of the Company during the financial year.

The Companies Act 2016 ("2016 Act") which came into effect from 31 January 2017 has repealed the Companies Act 1965. The 2016 Act abolished the concept of par or nominal value of shares and hence, the share premium, capital redemption reserve and authorised capital had been abolished. In accordance with Section 618(2) of the 2016 Act, the amount standing to the credit of the share premium account has become part of the Company's share capital. There is no impact on the number of ordinary shares in issue of 600,000,000 or the entitlement of the holders of the Company's ordinary shares.

On 23 June 2017, the RM2.2 billion nominal value of Perpetual Subordinated Sukuk ("Perpetual Sukuk") was novated from the immediate holding company to the Company. Details of the Perpetual Sukuk are disclosed in Note 36 to the financial statements.

There were no issuances of debentures during the financial year.

DIRECTORS

The Directors who have held office since the date of the last Report are as follows:

Tan Sri Dato' A. Ghani Othman	
Tan Sri Datuk Dr. Yusof Basiran	
Tan Sri Dato' Seri Mohd Bakke Salleh	
Muhammad Lutfi	
Datuk Zaiton Mohd Hassan	
Dato' Mohamad Nasir Bin Ab. Latif	(Appointed on 14 July 2017)
Dato' Mohd Nizam Bin Zainordin	(Appointed on 14 July 2017)
Dato' Che Abdullah @ Rashidi Che Omar	
Zainal Abidin Bin Jamal	(Appointed on 14 July 2017)
Tan Ting Min	(Appointed on 14 July 2017)
Dato' Idris Kechot	(Resigned on 14 July 2017)
Rosely Kusip	(Resigned on 14 July 2017)
Datuk Tong Poh Keow	(Resigned on 14 July 2017)
Datuk Franki Anthony Dass	(Resigned on 14 July 2017)

In accordance with the Company's Articles of Association, Tan Sri Datuk Dr. Yusof Basiran and Dato' Che Abdullah @ Rashidi Che Omar will retire from the Board of Directors by rotation and, being eligible, offer themselves for re-election.

In accordance with the Company's Articles of Association, Dato' Mohamad Nasir Bin Ab. Latif, Dato' Mohd Nizam Bin Zainordin, Zainal Abidin Bin Jamal and Tan Ting Min, who were appointed to the Board of Directors on the above date, retire and, being eligible, offer themselves for election.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 11 to the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the Performance-Based Employee Share Scheme of Sime Darby Berhad ("Sime Darby's PBESS"), as disclosed in Directors' Interests in Shares on page 4.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than Directors' fees as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except that certain Directors received remuneration as Directors or executives of a related corporation.

The Directors and officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by Sime Darby Berhad and the total premium paid by Sime Darby Berhad Group during the financial year amounted to RM861,906.

Company No.
647766 V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in, or debentures of, the Company and its related corporations are as follows:

	Sime Darby Berhad Number of ordinary shares At 1 July 2016	Addition	Disposed	At 30 June 2017
Datuk Tong Poh Keow				
Direct	31,300	700	-	32,000

	Grant date	Type of grant	Sime Darby Berhad Number of ordinary shares granted under Sime Darby's PBESS At 1 July 2016	Granted	Lapsed	At 30 June 2017
Tan Sri Dato' Seri	7.10.2013	GPS	82,200	-	(82,200)	-
Mohd Bakke Salleh		DPS	65,300	-	(65,300)	-
	20.10.2014	GPS	82,200	-	-	82,200
		DPS	65,300	-	-	65,300
Datuk Tong Poh Keow	7.10.2013	GPS	39,300	-	(39,300)	-
		DPS	38,200	-	(38,200)	-
	20.10.2014	GPS	39,300	-	-	39,300
		DPS	38,200	-	-	38,200
Datuk Franki Anthony Dass	7.10.2013	GPS	35,700	-	(35,700)	-
		DPS	34,700	-	(34,700)	-
	20.10.2014	GPS	35,700	-	-	35,700
		DPS	34,700	-	-	34,700

The Directors received two types of grants under Sime Darby's PBESS, namely the Group Performance Share ("GPS") and the Division Performance Share ("DPS"). The GPS and DPS will be vested only upon the fulfilment of vesting conditions which include achievement of service period and performance targets. Depending on the level of achievement of the performance targets as determined by the Nomination and Remuneration Committee ("NRC") of Sime Darby Berhad, the total number of shares which will be vested may be lower or higher than the total number of shares granted.

Sime Darby Berhad is reviewing the salient features of the Long Term Incentive Plan ("LTIP"). Accordingly, no new grant is made until such time the review is approved by the NRC.

In August 2016, the first grant lapsed as the vesting conditions which include performance targets were not met. Subsequent to the end of the financial year, on 23 August 2017, the NRC has approved the non-vesting of the second grant as the performance targets were not met.

Other than as disclosed above, no other Directors in office at the end of the financial year have any interest in shares in, or debentures of, the Company or their related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and

- (ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values of current assets as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.

(b) At the date of this Report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of the impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) As at the date of this Report:

- (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year to secure the liability of any other person; and

- (ii) there are no contingent liabilities in the Group or in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

(d) At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt within the Report or financial statements which would render any amount stated in the financial statements misleading.

(e) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 53 to the financial statements.

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Sime Darby Berhad, Permodalan Nasional Berhad and Yayasan Pelaburan Bumiputra as its immediate, penultimate and ultimate holding companies, respectively, all of which are incorporated in Malaysia.

AUDITORS

The audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 30 June 2017 are disclosed in Note 6 to the financial statements.

The Group and the Company do not indemnify the auditors of the Company for losses in the event of legal actions brought against the auditors for alleged wrongful acts by the auditors.

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors dated 25 August 2017.

TAN SRI DATO' A. GHANI OTHMAN
DIRECTOR

TAN SRI DATO' SERI MOHD BAKKE SALLEH
DIRECTOR

Selangor
25 August 2017

Company No.
647766 | V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		GROUP		
	Note	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	5	14,779,381	11,946,464	10,304,041
Operating expenses	6	(12,991,023)	(11,130,911)	(9,185,254)
Other operating income	7	2,671,005	331,102	333,144
Other gains and losses	8	78,507	121,303	118,986
Operating profit		4,537,870	1,267,958	1,570,917
Share of results of joint ventures	21	(76,606)	(1,883)	(33,774)
Share of results of associates	22	(5,929)	(6,706)	457
Profit before interest and tax		4,455,335	1,259,369	1,537,600
Finance income	9	47,486	43,763	85,517
Finance costs	10	(471,858)	(464,093)	(307,194)
Profit before tax		4,030,963	839,039	1,315,923
Tax (expense)/credit	12	(479,053)	163,896	(284,477)
Profit for the financial year		3,551,910	1,002,935	1,031,446
Profit for the financial year attributable to:				
- equity holder of the Company		3,507,099	967,179	997,113
- Perpetual Sukuk		2,724	-	-
- non-controlling interests		42,087	35,756	34,333
		3,551,910	1,002,935	1,031,446
		sen	sen	sen
Basic/diluted earnings per share attributable to equity holder of the Company	13	584.52	161.20	166.19

The notes on pages 26 to 271 form an integral part of these financial statements.

Company No.
647766	V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

				COMPANY
	Note	2017	2016	2015
		RM'000	RM'000	RM'000
Revenue	5	4,238,085	3,602,464	3,368,320
Operating expenses	6	(3,281,281)	(2,785,102)	(2,674,612)
Other operating income	7	2,424,808	88,201	101,634
Other gains and losses	8	(215,479)	(135,088)	(4,643)
Profit before interest and tax		3,166,133	770,475	790,699
Finance income	9	18,950	23,699	26,203
Finance costs	10	(444,606)	(436,740)	(312,395)
Profit before tax		2,740,477	357,434	504,507
Tax expense	12	(145,143)	(52,160)	(58,925)
Profit for the financial year		2,595,334	305,274	445,582
Profit for the financial year attributable to:				
- equity holder of the Company		2,592,610	305,274	445,582
- Perpetual Sukuk		2,724	-	-
		2,595,334	305,274	445,582

The notes on pages 26 to 271 form an integral part of these financial statements.

Company No.
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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	GROUP 2017 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year		3,551,910	1,002,935	1,031,446
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences:				
- subsidiaries		214,580	421,291	527,590
- joint ventures	21(a)	11,385	31,774	5,223
Available-for-sale investments				
- changes in fair value	24	(1,983)	18,438	(16,587)
Cash flow hedge				
- changes in fair value		6,763	(37,343)	(3,500)
- transfers to profit or loss	8	25,430	9,293	(7,342)
Tax (expenses)/credit relating to components of other comprehensive income	15	(7,034)	5,445	3,792
		249,141	448,898	509,176
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain/(loss) on defined benefit plans	38	17,230	446	(7,494)
Share of other comprehensive (loss)/income of joint ventures	21(a)	(8,179)	5,573	(20,857)
Tax (expenses)/credit relating to components of other comprehensive income	15	(4,292)	(113)	1,954
		4,759	5,906	(26,397)
Total other comprehensive income for the financial year	15	253,900	454,804	482,779
Total comprehensive income for the financial year		3,805,810	1,457,739	1,514,225
Total comprehensive income for the financial year attributable to:				
- equity holder of the Company		3,764,109	1,386,966	1,455,089
- Perpetual Sukuk	36	2,724	-	-
- non-controlling interests		38,977	70,773	59,136
		3,805,810	1,457,739	1,514,225

The notes on pages 26 to 271 form an integral part of these financial statements.

Company No.
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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	COMPANY 2017 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year		2,595,334	305,274	445,582
Items that will be reclassified subsequently to profit or loss:				
Available-for-sale investments				
- changes in fair value	24	8,010	1,079	(10,324)
Cash flow hedge				
- changes in fair value		40,553	(38,355)	(2,363)
- transfers to profit and loss	8	513	2,807	(3,113)
Tax (expenses)/credit relating to components of other comprehensive income	25	(8,088)	7,476	1,323
		40,988	(26,993)	(14,477)
Total other comprehensive income/(loss) for the financial year		40,988	(26,993)	(14,477)
Total comprehensive income for the financial year		2,636,322	278,281	431,105
Total comprehensive income for the financial year attributable to:				
- equity holder of the Company		2,633,598	278,281	431,105
- Perpetual Sukuk	36	2,724	-	-
		2,636,322	278,281	431,105

The notes on pages 26 to 271 form an integral part of these financial statements.

Company No.
647766	V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

					GROUP
		30 June 2017	30 June 2016	30 June 2015	1 July 2014
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	16	18,339,595	18,002,191	17,137,292	11,102,627
Investment properties	17	15,180	14,139	14,115	6,607
Biological assets	18	-	44,969	8,422	-
Prepaid lease rentals	19	625,009	632,170	622,798	642,906
Joint ventures	21	479,675	551,252	511,840	492,838
Associates	22	129,123	132,859	141,441	69,707
Intangible assets	23	3,039,241	2,846,363	2,676,207	55,046
Available-for-sale investments	24	110,389	109,004	89,001	79,658
Deferred tax assets	25	640,812	580,060	152,867	151,773
Tax recoverable	26	332,700	407,016	334,173	238,335
Trade and other receivables	27	82,802	412,612	352,386	335,701
		23,794,526	23,732,635	22,040,542	13,175,198
CURRENT ASSETS					
Inventories	28	1,521,808	1,504,956	1,340,906	716,914
Biological assets	18	198,999	122,616	174,639	96,687
Trade and other receivables	27	2,558,126	2,274,949	2,483,783	1,775,351
Tax recoverable	26	385,161	47,678	83,099	28,950
Available-for-sale investments	24	-	13,705	14,207	20,449
Amounts due from fellow subsidiaries	29	43,031	76,244	227,829	231,786
Derivatives	30	56,184	24,124	13,068	10,360
Bank balances, deposits and cash	31	713,448	636,340	1,102,415	1,189,310
		5,476,757	4,700,612	5,439,946	4,069,807
Non-current assets held for sale	32	183,594	3,862	10,712	-
TOTAL ASSETS		29,454,877	28,437,109	27,491,200	17,245,005

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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONTINUED)

					GROUP
		30 June 2017	30 June 2016	30 June 2015	1 July 2014
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital	33	600,000	600,000	600,000	600,000
Reserves	35	11,858,084	8,992,178	8,305,212	7,450,123
Attributable to equity holder of the Company		12,458,084	9,592,178	8,905,212	8,050,123
Perpetual Sukuk	36	2,231,384	-	-	-
Non-controlling interests	37	433,887	454,959	560,841	493,984
TOTAL EQUITY		15,123,355	10,047,137	9,466,053	8,544,107
NON-CURRENT LIABILITIES					
Retirement benefits	38	237,850	224,090	175,642	147,967
Deferred income	41	912	1,277	1,638	2,069
Deferred tax liabilities	25	2,595,657	2,482,075	2,420,167	742,521
Amounts due to fellow subsidiaries	29	-	7,477,346	700,000	1,175,537
Borrowings	39	6,412,478	4,551,977	3,592,019	460,000
Finance lease obligations	40	50,074	122,128	139,219	145,920
Other payables	42	8,915	1,514	4,291	6,709
		9,305,886	14,860,407	7,032,976	2,680,723
CURRENT LIABILITIES					
Trade and other payables	42	1,772,716	1,615,147	1,837,195	1,314,289
Deferred income	41	26,707	6,612	20,572	12,166
Amount due to immediate holding company	29	145,392	705,759	395,246	647,970
Amounts due to fellow subsidiaries	29	1,441,523	101,835	7,508,618	3,824,949
Tax payable		267,729	74,030	7,519	70,773
Derivatives	30	27,732	49,311	31,532	5,507
Borrowings	39	1,325,449	970,388	1,184,685	138,679
Finance lease obligations	40	2,993	6,483	6,804	5,842
		5,010,241	3,529,565	10,992,171	6,020,175
Liabilities directly associated with non-current assets held for sale	32	15,395	-	-	-
TOTAL LIABILITIES		14,331,522	18,389,972	18,025,147	8,700,898
TOTAL EQUITY AND LIABILITIES		29,454,877	28,437,109	27,491,200	17,245,005

The notes on pages 26 to 271 form an integral part of these financial statements.

Company No.
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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

					COMPANY
		30 June 2017	30 June 2016	30 June 2015	1 July 2014
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	16	7,903,873	7,986,675	7,881,615	7,722,949
Subsidiaries	20	8,781,712	8,862,527	8,433,761	2,315,812
Joint ventures	21	312,241	311,998	306,827	283,389
Associates	22	320	107,400	107,400	40,282
Intangible assets	23	2,088,216	2,083,692	2,045,114	2,003,661
Available-for-sale investments	24	26,733	18,723	17,644	27,968
Amounts due from subsidiaries	29	102,664	101,226	115,752	580,950
		19,215,759	19,472,241	18,908,113	12,975,011
CURRENT ASSETS					
Inventories	28	129,331	126,934	167,018	167,988
Biological assets	18	54,580	35,221	51,534	49,967
Trade and other receivables	27	334,618	305,889	277,381	442,678
Tax recoverable	26	-	29,289	55,934	22,155
Amounts due from subsidiaries	29	531,837	493,369	1,307,371	483,927
Amounts due from fellow subsidiaries	29	2,226	386	207,440	231,562
Derivatives	30	29,377	17,969	4,760	3,209
Bank balances, deposits and cash	31	104,153	7,136	43,371	146,937
		1,186,122	1,016,193	2,114,809	1,548,423
Non-current assets held for sale	32	108,107	-	-	-
TOTAL ASSETS		20,509,988	20,488,434	21,022,922	14,523,434

Company No.
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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (CONTINUED)

					COMPANY
		30 June 2017	30 June 2016	30 June 2015	1 July 2014
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital	33	600,000	600,000	600,000	600,000
Reserves	35	8,057,370	6,323,772	6,745,491	6,909,574
Attributable to equity holder of the Company		8,657,370	6,923,772	7,345,491	7,509,574
Perpetual Sukuk	36	2,231,384	-	-	-
TOTAL EQUITY		10,888,754	6,923,772	7,345,491	7,509,574
NON-CURRENT LIABILITIES					
Retirement benefits	38	46,119	42,980	40,029	36,326
Deferred tax liabilities	25	618,453	520,303	476,946	413,629
Amounts due to a fellow subsidiary	29	-	7,477,346	700,000	700,000
Amounts due to a subsidiary	29	525,958	-	-	-
Borrowings	39	5,276,209	3,570,065	3,485,135	460,000
Finance lease obligations	40	18,358	66,845	80,199	84,030
Other payables	42	60,870	85,507	2,722	3,970
		6,545,967	11,763,046	4,785,031	1,697,955
CURRENT LIABILITIES					
Trade and other payables	42	506,928	531,010	619,592	564,760
Deferred income	41	138	618	532	484
Tax payable		4,318	-	-	-
Amount due to immediate holding company	29	145,392	705,759	395,748	647,970
Amounts due to subsidiaries	29	624,643	320,915	278,994	506,778
Amounts due to fellow subsidiaries	29	1,423,840	83,591	7,490,784	3,551,008
Derivatives	30	5,097	46,255	12,919	1,211
Borrowings	39	363,826	110,000	90,000	40,000
Finance lease obligations	40	1,085	3,468	3,831	3,694
		3,075,267	1,801,616	8,892,400	5,315,905
TOTAL LIABILITIES		9,621,234	13,564,662	13,677,431	7,013,860
TOTAL EQUITY AND LIABILITIES		20,509,988	20,488,434	21,022,922	14,523,434

The notes on pages 26 to 271 form an integral part of these financial statements.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

GROUP	Note	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Perpetual Sukuk RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2016		600,000	970,630	8,021,548	9,592,178	-	454,959	10,047,137
Profit for the financial year		-	-	3,507,099	3,507,099	2,724	42,087	3,551,910
Other comprehensive income/(loss) for the financial year	15	-	253,162	3,848	257,010	-	(3,110)	253,900
Total comprehensive income for the financial year		-	253,162	3,510,947	3,764,109	2,724	38,977	3,805,810
Transactions with equity holders:								
- novation of Perpetual Sukuk		-	-	-	-	2,228,660	-	2,228,660
- dividends	14,37	-	-	(900,000)	(900,000)	-	(60,049)	(960,049)
Disposal of available-for-sale investments		-	1,797	-	1,797	-	-	1,797
At 30 June 2017		600,000	1,225,589	10,632,495	12,458,084	2,231,384	433,887	15,123,355

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

GROUP	Note	Share capital RM'000	Capital contribution reserve RM'000	Reserves RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2015		600,000	-	557,024	7,748,188	8,905,212	560,841	9,466,053
Profit for the financial year		-	-	-	967,179	967,179	35,756	1,002,935
Other comprehensive income for the financial year	15	-	-	413,606	6,181	419,787	35,017	454,804
Total comprehensive income for the financial year		-	-	413,606	973,360	1,386,966	70,773	1,457,739
Transactions with equity holders:								
- dividends	14,37	-	-	-	(700,000)	(700,000)	(176,655)	(876,655)
Employee share scheme - value of employee services*		-	(13,518)	-	-	(13,518)	-	(13,518)
Recharge to immediate holding company		-	13,518	-	-	13,518	-	13,518
At 30 June 2016		600,000	-	970,630	8,021,548	9,592,178	454,959	10,047,137

* Relates to the Performance-Based Employee Share Scheme of the Group and the Company, as disclosed in Note 34 to the financial statements.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

GROUP	Note	Share capital RM'000	Capital contribution reserve RM'000	Reserves RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2014		600,000	-	72,650	7,377,473	8,050,123	493,984	8,544,107
Profit for the financial year		-	-	-	997,113	997,113	34,333	1,031,446
Other comprehensive income/(loss) for the financial year	15	-	-	483,879	(25,903)	457,976	24,803	482,779
Total comprehensive income for the financial year		-	-	483,879	971,210	1,455,089	59,136	1,514,225
Transactions with equity holders:								
- acquisition of subsidiaries	43	-	-	-	-	-	72,217	72,217
- disposal of a subsidiary		-	-	495	(495)	-	-	-
- dividends	14,37	-	-	-	(600,000)	(600,000)	(64,496)	(664,496)
Employee share scheme - value of employee services*		-	(845)	-	-	(845)	-	(845)
Recharge to immediate holding company		-	845	-	-	845	-	845
At 30 June 2015		600,000	-	557,024	7,748,188	8,905,212	560,841	9,466,053

* Relates to the Performance-Based Employee Share Scheme of the Group and the Company, as disclosed in Note 34 to the financial statements.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

COMPANY	Note	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Perpetual Sukuk RM'000	Total equity RM'000
At 1 July 2016		600,000	(13,961)	6,337,733	6,923,772	-	6,923,772
Profit for the financial year		-	-	2,592,610	2,592,610	2,724	2,595,334
Other comprehensive income for the financial year		-	40,988	-	40,988	-	40,988
Total comprehensive income for the financial year		-	40,988	2,592,610	2,633,598	2,724	2,636,322
Transactions with equity holders:							
- dividends	14	-	-	(900,000)	(900,000)	-	(900,000)
- novation of Perpetual Sukuk		-	-	-	-	2,228,660	2,228,660
At 30 June 2017		600,000	27,027	8,030,343	8,657,370	2,231,384	10,888,754

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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

COMPANY	Note	Share capital RM'000	Capital contribution reserve RM'000	Reserves RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Total equity RM'000
At 1 July 2015		600,000	-	13,032	6,732,459	7,345,491	7,345,491
Profit for the financial year		-	-	-	305,274	305,274	305,274
Other comprehensive loss for the financial year		-	-	(26,993)	-	(26,993)	(26,993)
Total comprehensive (loss)/income for the financial year		-	-	(26,993)	305,274	278,281	278,281
Transactions with equity holders:							
- dividends	14	-	-	-	(700,000)	(700,000)	(700,000)
Employee share scheme - value of employee services*		-	(8,987)	-	-	(8,987)	(8,987)
Recharge to immediate holding company		-	8,987	-	-	8,987	8,987
At 30 June 2016		600,000	-	(13,961)	6,337,733	6,923,772	6,923,772
At 1 July 2014		600,000	-	27,509	6,882,065	7,509,574	7,509,574
Profit for the financial year		-	-	-	445,582	445,582	445,582
Other comprehensive loss for the financial year		-	-	(14,477)	-	(14,477)	(14,477)
Total comprehensive (loss)/income for the financial year		-	-	(14,477)	445,582	431,105	431,105
Transactions with equity holders:							
- gain on waiver of inter-company advances		-	-	-	4,812	4,812	4,812
- dividends	14	-	-	-	(600,000)	(600,000)	(600,000)
Employee share scheme - value of employee services*		-	(232)	-	-	(232)	(232)
Recharge to immediate holding company		-	232	-	-	232	232
At 30 June 2015		600,000	-	13,032	6,732,459	7,345,491	7,345,491

* Relates to the Performance-Based Employee Share Scheme of the Group and the Company, as disclosed in Note 34 to the financial statements.

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SIME DARBY PLANTATION BERHAD
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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

			GROUP
	2017	2016	2015
	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial year	3,551,910	1,002,935	1,031,446
Adjustments for:			
Amortisation of:			
- intangible assets	38,600	32,365	18,297
- prepaid lease rentals	40,661	37,820	34,754
Bad debts written off	10,274	4,575	903
Depreciation of:			
- property, plant and equipment	1,167,333	1,054,202	744,895
- investment properties	78	69	58
Dividend income	(1,793)	(1,483)	(3,546)
Finance costs (Note 10)	471,858	464,093	307,194
Finance income (Note 9)	(47,486)	(43,763)	(85,517)
Fair value (gains)/losses:			
- commodities futures contracts	(23,725)	(6,162)	(3,958)
- forward foreign exchange contracts (non-hedging derivatives)	2,878	(3,476)	6,695
- forward foreign exchange contracts (cash flow hedge)	(25,430)	(9,293)	7,342
Fair value changes in biological assets (net)	(23,391)	25,976	(30,601)
(Gains)/losses on disposals of:			
- property, plant and equipment	(2,562,728)	(4,611)	(300,489)
- non-current assets held for sale	-	(210,898)	-
- available-for-sale investments	1,538	-	-
- biological assets	-	(6,536)	-
- subsidiary	-	-	638
Impairment of:			
- property, plant and equipment	210,178	75	14,494
- intangible assets	-	3,015	-
- trade and other receivables	12,887	9,772	2,394
Intangible assets written off	2,166	-	-
Property, plant and equipment written off	57,646	25,645	31,588
Retirement benefits	44,340	46,522	20,602
Employee share scheme	-	(13,518)	(845)
Reversal of impairment of:			
- property, plant and equipment	-	-	(755)
- trade and other receivables	(620)	(19,641)	(524)
Reversal of accruals for claims	-	(4,060)	(173)
Share of results of:			
- joint ventures	76,606	1,883	33,774
- associates	5,929	6,706	(457)
Tax expense/(credit) (Note 12)	479,053	(163,896)	284,477
Unrealised exchange gains (net)	(10,023)	(35,070)	(51,483)
(Reversal)/write-down of inventories (net)	(22,562)	(837)	1,439
	3,456,177	2,192,409	2,062,642

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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

	GROUP		
	2017 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)			
Changes in working capital:			
Inventories	108,778	(107,570)	(103,407)
Trade and other payables	186,711	(204,111)	364,353
Trade and other receivables	120,005	54,478	(157,945)
Intercompany balances	62,024	112,899	224,725
Cash generated from operations	3,933,695	2,048,105	2,390,368
Tax paid	(622,989)	(244,440)	(411,015)
Retirement benefits paid	(18,649)	(6,722)	(6,383)
Net cash generated from operating activities	3,292,057	1,796,943	1,972,970
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries (Note 43)	-	-	(5,998,169)
Acquisition of business (Note 43)	(106,689)	-	-
Additional investment:			
- in existing joint ventures	-	(3,682)	(23,413)
- in existing associates	-	(34,054)	(33,105)
Subscription of convertible notes of an associate	(48,102)	(17,444)	-
Advances for plasma plantation projects	(9,493)	(23,296)	(1,570)
Dividends received from:			
- associates	1,319	2,439	1,067
- other investments	1,793	1,483	3,546
Finance income received	26,182	23,852	66,910
Investments in joint venture	-	-	(25)
Proceeds from sale of:			
- property, plant and equipment	154,984	33,316	331,745
- non-current assets held for sale	-	217,750	-
- investment in subsidiaries	-	-	46,533
- available-for-sale investments	12,816	-	-
Purchase of:			
- interest in available-for-sale investment	-	-	(22,703)
- property, plant and equipment	(1,574,155)	(1,297,199)	(1,108,495)
- intangible assets	(35,209)	(37,746)	(48,913)
- prepaid lease rentals	(1,093)	(452)	(4,984)
Net cash used in investing activities	(1,577,647)	(1,135,033)	(6,791,576)

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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

			GROUP
	2017	2016	2015
	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid	(514,984)	(542,466)	(351,963)
Loans raised	6,513,384	1,970,240	3,312,711
(Repayment to)/loan from fellow subsidiaries	(657,707)	(577,233)	2,987,364
Repayment to immediate holding company	(956,320)	(79,487)	(252,724)
Advances from immediate holding company	395,953	390,000	-
Loan repayments	(5,418,097)	(1,457,104)	(398,714)
Repayment of finance lease obligations	(75,544)	(17,412)	(5,739)
Dividend paid to holding company	(900,000)	(700,000)	(600,000)
Dividend paid to non-controlling interests of subsidiaries	(60,049)	(176,655)	(64,496)
Net cash (used in)/generated from financing activities	(1,673,364)	(1,190,117)	4,626,439
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	41,046	(528,207)	(192,167)
Foreign exchange differences	36,062	62,132	105,272
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	636,340	1,102,415	1,189,310
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 31)	713,448	636,340	1,102,415

Details of significant non-cash transactions during the financial year are set out in Note 49(e) to the financial statements.

The notes on pages 26 to 271 form an integral part of these financial statements.

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SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	COMPANY		
	2017	2016	2015
	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial year	2,595,334	305,274	445,582
Adjustments for:			
Amortisation of intangible assets	7,816	3,450	4,373
Bad debts written off	15	1	-
Depreciation of property, plant and equipment	233,687	236,656	234,502
Dividend income	(379,251)	(401,202)	(268,726)
Finance costs (Note 10)	444,606	436,740	312,395
Finance income (Note 9)	(18,950)	(23,699)	(26,203)
Fair value (gains)/losses:			
- commodities futures contracts	(13,494)	(7,503)	(3,757)
- forward foreign exchange contracts (non-hedging derivatives)	(43)	1,683	681
- forward foreign exchange contracts (cash flow hedge)	(513)	(2,807)	3,113
Fair value changes in biological assets (net)	(19,359)	16,313	(1,567)
Gains on disposal of property, plant and equipment	(2,386,465)	(32,264)	(82,890)
Impairment of:			
- investment in subsidiaries	304,845	36,929	-
- intercompany balances	3,433	8,803	-
- trade and other receivables	2,710	6	263
Property, plant and equipment written off	14,745	3,284	9,734
Retirement benefits	4,945	4,751	5,039
Employee share scheme	-	(8,987)	(232)
Reversal of impairment of:			
- investment in subsidiaries	(9,275)	(42,008)	(274)
- intercompany balances	(651)	(906)	-
- trade and other receivables	-	(61)	-
Reversal of accruals for claims	-	-	(146)
Tax expense (Note 12)	145,143	52,160	58,925
Unrealised exchange loss (net)	139,152	250,238	66,286
(Reversal)/write-down of inventories (net)	(59)	(216)	45
	1,068,371	836,635	757,143

Company No. 647766 V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

	COMPANY 2017 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)			
Changes in working capital:			
Inventories	(2,338)	40,300	925
Trade and other payables	(23,876)	(70,016)	68,426
Trade and other receivables	(34,479)	(24,357)	165,658
Intercompany balances	445,507	1,435,453	767,293
Cash generated from operations	1,453,185	2,218,015	1,759,445
Tax (paid)/refund	(36,143)	5,982	(27,656)
Retirement benefits paid	(1,965)	(1,800)	(1,336)
Net cash generated from operating activities	1,415,077	2,222,197	1,730,453
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of subsidiary	-	-	(6,033,215)
Acquisitions of business	(106,689)	-	-
Additional investment in:			
- subsidiaries	(154,372)	(392,443)	(105,438)
- jointly controlled entities	-	(3,682)	(23,413)
- associates	-	(34,054)	(33,064)
Dividends received from:			
- other investments	1,740	1,160	2,900
Finance income received	18,950	23,699	26,203
Investment in joint ventures	-	-	(25)
Proceeds from sale of:			
- property, plant and equipment	126,316	42,688	94,069
- investment in subsidiaries	23,200	-	-
Purchase of:			
- property, plant and equipment	(384,501)	(331,076)	(406,486)
- intangible assets	(8,723)	(35,150)	(42,137)
Net cash used in investing activities	(484,079)	(728,858)	(6,520,606)

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SIME DARBY PLANTATION BERHAD
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COMPANY STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

	COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid	(463,493)	(467,076)	(315,836)
Loans raised	5,105,385	-	2,977,490
(Repayment to)/loan from fellow subsidiaries	(657,707)	(577,233)	2,987,364
Repayment to immediate holding company	(956,320)	(79,989)	(252,222)
Advances from immediate holding company	395,953	390,000	-
Loan repayments	(3,305,347)	(90,000)	(40,000)
Repayment of finance lease obligation	(52,798)	(15,899)	(3,694)
Dividend paid to holding company	(900,000)	(700,000)	(600,000)
Net cash (used in)/generated from financing activities	(834,327)	(1,540,197)	4,753,102
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	96,671	(46,858)	(37,051)
Foreign exchange differences	346	10,623	(66,515)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	7,136	43,371	146,937
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 31)	104,153	7,136	43,371

In addition to the significant non-cash transactions disclosed in Note 49(e) to the financial statements, set out below are other non-cash transactions which had been included in the intercompany balances:

	COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
Settlement of dividend from subsidiaries via offsetting against the amount due to subsidiaries	377,511	400,042	265,826
Transfers of property, plant and equipment from fellow subsidiaries	5,261	3,680	16,692
Transfers of property, plant and equipment to fellow subsidiaries	(89)	(167)	(4,102)

The notes on pages 26 to 271 form an integral part of these financial statements.

1. CORPORATE INFORMATION

The principal activities of the Company consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber, other palm oil and rubber related products and investment holding.

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 53 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

On 20 July 2017, the Company was converted from a private limited liability company to a public limited company and assumed the name Sime Darby Plantation Berhad with effect from that date.

The Company is a public limited company incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 10, Main Block, Plantation Tower, No.2 Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Sime Darby Berhad ("SDB"), Permodalan Nasional Berhad and Yayasan Pelaburan Bumiputra as its immediate, penultimate and ultimate holding companies, respectively, all of which are incorporated in Malaysia.

In 25 August 2017, the Board of SDB which is listed on the Main Market of Bursa Securities with subsidiaries involved in 5 core businesses, namely, plantation, property, industrial, motors and logistics, approved the final terms of the proposed demerger of SDB and its subsidiaries ("SDB Group") to create 3 separate and independent listed entities with distinct businesses with the Company and Sime Darby Property Berhad ("SD Property"), a wholly-owned subsidiary of SDB, to undertake the plantation and property businesses of the SDB Group respectively ("Proposed Listing"), whilst SDB is to remain listed on the Main Market of Bursa Securities with the following businesses:

(a) trading comprising motors and industrial;
(b) logistics; and
(c) other businesses comprising healthcare, insurance, retail and other investments.

To facilitate the Proposed Listing, the Company shall undertake a pre-listing restructuring exercise as described below (collectively, "Pre-Listing Restructuring"):

(a) an internal restructuring of the SDB Group prior to the proposed distribution of the Company's ordinary shares ("SDP Shares") ("Internal Restructuring Exercise");
(b) sub-division of SDP Shares ("Proposed Share Split"); and
(c) distribution of SDP Shares to the entitled shareholders of SDB as described in Note 1(iii) below ("Proposed Distribution") .

1. CORPORATE INFORMATION (CONTINUED)

Prior to the Proposed Share Split and Proposed Distribution, the Company shall undertake Internal Restructuring Exercise which involves the following:

(i) restructuring of SDB Group's borrowing which resulted in the novation of the borrowings, namely the Perpetual Sukuk of RM2.2 billion (see Note 36) and the Multi-currency Sukuk of USD172.1 million (see Note 39(c)) to the Company. The restructuring of these borrowings were completed before the end of financial year ended 30 June 2017;

(ii) transfer of property assets from the Company to Kumpulan Sime Darby Berhad ("KSDB"), a wholly-owned subsidiary of SDB, and SD Property involving the sale of 10,737.071 acres of land earmarked for the Malaysia Vision Valley project which is located in Labu, Seremban ("MVV Land") as follows:

(a) 8,793.409 acres of the MVV Land comprising 29 parcels of land, acquired by KSDB ("MVV Land 1") pursuant to the sale and purchase agreement dated 7 June 2017 entered into between the Company as vendor and KSDB as purchaser, for a consideration of RM2.5 billion. This transaction was completed on 30 June 2017 (see Note 49(e)); and

(b) 1,943.662 acres of the MVV Land comprising 22 parcels of land, to be acquired by SD Property ("MVV Land 2") pursuant to the sale and purchase agreement dated 9 June 2017 entered into between the Company as vendor and SD Property as purchaser, for a consideration of RM713 million. The proposed disposal is expected to be completed by the fourth quarter of the calendar year 2017 and accordingly, the related assets have been reclassified as assets held for sale (see Note 32(a)(i)).

The sales consideration for MVV Land 1 and MVV Land 2 were arrived at after considering the market values as ascribed by C H Williams Talhar & Wong ("WTW") as at 3 November 2016. WTW has subsequently updated the valuation of MVV Land 2 as at 30 June 2017.

Following the completion of the sale of MVV Land 1, the Company had on 19 July 2017 entered into a tenancy agreement with KSDB for the leaseback of the MVV Land 1 for the Company to carry out the planting/replanting, maintenance of oil palms, and the harvesting and selling of fresh fruit bunches ("FFB"). The tenancy agreement is for a period of 3 years from 30 June 2017 with an option to renew for another 3 years. The rental payment will take into account the price of crude palm oil and total planted area. Similar tenancy agreement will also be entered into with SD Property for the MVV Land 2 upon completion of the sale of MVV Land 2 to SD Property; and

(iii) settlement of a net amount of approximately RM850.3 million owing by the Group to the SDB Group after taking into account items (a) and (b) above, whereby RM500 million will be settled via the issuance of new SDP Shares to SDB and the remaining RM350.3 million comprising RM310.3 million to be settled in cash and an amount of RM40 million to be offset against the amount due from SD Property ("Interco Settlement").

Upon completion of the Internal Restructuring Exercise as described above, the Company shall undertake Proposed Share Split and increase its issued share capital to 6,800,839,377 ordinary shares. SDB will then distribute its entire shareholding in the Company by way of dividend-in-specie to the shareholders of SDB whose names appear in the Record of Depositors of SDB ("Entitled Shareholders of SDB") on an entitlement date to be determined by SDB's Board of Directors after the receipt of all relevant approvals ("Entitlement Date"), on the basis of 1 SD Plantation Share for every 1 existing ordinary share in SDB ("SDB Share") held, free from encumbrances.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 2016.

The consolidated financial statements of the Group for the financial year ended 30 June 2017 are the first set of consolidated financial statements prepared in accordance with MFRS, including MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards", MFRS 141 "Agriculture" and early adoption of MFRS 15 "Revenue from Contracts with Customers".

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2014, being the transition date, and throughout all financial years presented, as if these policies had always been in effect. The impact of the transition to MFRS on the Group's reported financial position, financial performance and cash flows are disclosed in Note 52.

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies in Note 3.

The preparation of consolidated financial statements in conformity with MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of the revenue and expenses during the reported period. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's consolidated financial statements are disclosed in Note 4.

During the financial year, the Group has considered the new accounting pronouncements in the preparation of the financial statements, as follows:

a. <u>Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements</u>

(i) Interpretation and amendments that are effective on or after 1 July 2017, where their adoption is not expected to result in any significant changes to the Group's and Company's results or financial position:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to MFRS 4 "Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts"
- Annual Improvements to MFRSs 2014 - 2016
- Amendments to MFRS 140 "Clarification on 'Change in Use' – Assets transferred to, or from, Investment Properties"
- IC Interpretation 22 "Foreign Currency Translations and Advance Consideration"

2. BASIS OF PREPARATION (CONTINUED)

During the financial year, the Group has considered the new accounting pronouncements in the preparation of the financial statements, as follows (continued):

a. Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements (continued)

(ii) Standards where the Group is currently assessing and has yet to quantify the potential impact

- MFRS 9 "Financial Instruments"

  MFRS 9 replaces MFRS 139 "Financial Instruments: Recognition and Measurement". The standard introduces new requirements for classification and measurement, impairment and hedge accounting, and will be effective for annual reporting periods beginning on or after 1 January 2018.

- MFRS 16 "Leases"

  MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. MFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019.

- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

  IC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective from 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  An entity is required to apply IC Interpretation 23 retrospectively.

(iii) The effective date for the following amendments has been deferred to a date to be determined by MASB

- Amendments to MFRS 10 and MFRS 128 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

Existing equity interests in the acquiree are re-measured to fair value at the date of business combination with any resulting gain or loss taken to profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated only to the extent of the cost of the asset that can be recovered, and the balance is recognised in profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsiadiary is recognised as gain or loss on disposal.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations under common control

Business combinations under common control are accounted using the predecessor method of accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction costs for the combination are recognised in profit or loss.

(iii) Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of joint venture reaches zero, or reaches the limit of the obligations in the case when the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal.

(iv) Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies

(i) Presentation and functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as hedge of net investment in a foreign operation recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

(iii) Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulate in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interests. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs are expensed and depreciation commences. Such costs include seedling and planting costs, other upkeep costs, and an allocation of overhead costs.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Freehold land is not depreciated as it has indefinite life. Depreciation commences when the bearer plants mature or when the assets under constructions are ready for their intended use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost or valuation of each asset to their residual values over their estimated useful life. The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 999 years
Buildings	2% to 5%, or over the lease term, if shorter
Bearer plants	
- Oil palm	22 years, or the lease term if shorter
- Rubber	24 years, or the lease term if shorter
- Growing canes	5 years, or the lease term if shorter
Plant and machinery	2.5% to 20%, or over the lease term, if shorter
Vehicles, equipment and fixtures	10% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Property,. plant and equipment are tested for impairment whenever indication of impairment exists, see Note 3(l)(i) on impairment of non-financial assets.

(d) Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to its residual values over its estimated useful life.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	2% to 5%, or over the lease term, if shorter

The residual values and useful lives are reviewed, and adjusted if appropriate, annually. Investment properties are tested for impairment whenever indication of impairment exists, see Note 3(l)(i) on impairment of non-financial assets.

(e) Biological assets

Biological assets comprised cattle livestock and produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested and livestock that are expected to be sold or used for production on a date not more than 12 months after the reporting date, and the balance is classified as non-current.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Prepaid lease rentals

Prepaid lease rentals represent payments for rights to use land over a pre-determined period that is accounted for as an operating lease and is stated at cost less amount of accumulated amortisation and accumulated impairment losses.

The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging generally from 2% to 5% per annum.

(g) Intangible assets

(i) Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate.

(ii) Research and development costs

Research costs are charged to profit or loss in the financial year in which the expenditure is incurred.

Internally generated agriculture development costs are capitalised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Subsequently, such capitalised development costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis between 5 to 20 years. The useful life will be reviewed and adjusted, if appropriate, annually. Impairment testing is performed annually on development activities which have not entered commercial production. Development activity is also tested for impairment whenever indication of impairment exists. See Note 3(l)(i) on impairment of non-financial assets.

Development costs previously recognised as an expense in profit and loss are not recognised as an asset in subsequent period.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (continued)

(iii) Smallholder relationships

Smallholder relationships have arisen on the acquisition of subsidiaries. These assets reflect the economic relationship between Group and the smallholders who cultivate and harvest fresh fruits bunches on land owned by the smallholders. These assets are shown at fair value on acquisition of subsidiaries and subsequently subject to amortisation on a straight line basis over the estimated average remaining lease term of the Group's land of 45 years. The smallholder relationships are tested for impairment whenever indication of impairment exists.

(iv) Computer software

Expenditure on computer software that is not an integral part of the related hardware is treated as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives. The annual amortisation rates range from 10% to 33.3%. Projects in progress are not amortised as these computer softwares are not yet available for use.

(v) Intellectual property rights

Intellectual property rights acquired from third parties are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their esimated useful life of 20 years.

(vi) Other intangible assets

Other intangible assets with finite useful lives are capitalised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their contractual periods or estimated useful lives. The principal annual amortisation rates are:

Brand names and trademarks	5% to 20%
Assets usage rights	7%
Customer relationships	Contract periods ranging from 10 months to 10 years

These intangible assets are tested for impairment whenever indication of impairment exists. See Note 3(l)(i) on impairment of non-financial assets.

(h) Non-current assets held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as a non-current asset held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs of disposal.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories comprise palm oil products, sugar stocks, raw materials, trading inventories, consumables and spare parts. Inventories are stated at the lower of cost and net realisable value. The cost of raw materials, trading inventories and consumable stores represents cost of purchase plus incidental costs, and in the case of other inventories, includes cost of materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

Costs for palm oil products and sugar stocks includes all direct expenses, an appropriate proportion of manufacturing overheads and the fair value attributed to agriculture produce at year end in accordance with MFRS 141. The fair value of biological assets harvested from the Group's own plantations and sold during the year are recorded as part of the biological asset movement (Note 18) and as part of "fair value changes in biological assets (net)" in determining profit.

The cost of inventories is determined on a weighted average basis whilst net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and estimated selling expenses.

(j) Financial assets

The Group's financial assets are classified into four categories and the accounting policies for each of these categories are as follows:

(i) Financial assets at fair value through profit or loss

Quoted warrants and non-hedging derivative assets are financial assets held for trading, and are classified as fair value through profit or loss. These financial assets are measured at fair value. Any gain or loss arising from changes in fair value and transaction costs are recognised in profit or loss.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These financial assets are recorded at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Except for impairment, foreign exchange differences on translation of monetary available-for-sale financial assets such as debt instruments, interest calculated using the effective interest method and dividends which are recognised in profit or loss, any gain or loss arising from changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss is reclassified from available-for-sale reserve to profit or loss.

(iv) Derivatives and hedging activities

The accounting policy for derivatives used for hedging activities is disclosed in Note 3(k).

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current. For available-for-sale financial assets, the classification is based on expected date of realisation of the assets.

Regular way purchase or sale of a financial asset is recognised on the settlement date which is the date that an asset is delivered to or by the Group. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

(k) Derivatives and hedging activities

Derivatives are measured at fair value. A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value is recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income.

The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability.

When a derivative expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other gains and losses.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are classified as current asset or current liability for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Impairment

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, investment in subsidiaries and interest in joint ventures and associates, they are assessed for objective evidence of impairment.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist. The recognition and measurement of impairment are as follows:

(i) Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Impairment loss on non-financial assets is charged to profit or loss.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years.

An impairment loss recognised for goodwill is not reversed.

(ii) Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.

(iii) Loans and receivables

Loans and receivables are assessed individually and thereafter collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

(iv) Available-for-sale financial assets

A significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost indicates that the assets are impaired. If such evidence exists, the decline in fair value together with the cumulative loss recognised in other comprehensive income, if any, is taken to profit or loss. An impairment loss recognised for equity instrument is not reversed through profit and loss. Reversal of impairment losses through profit or loss is made only if the financial asset is a debt instrument and the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Share capital and Perpetual Sukuk

(i) Share capital

Proceeds from ordinary shares issued are accounted for as share capital in equity. Costs directly attributable to the issuance of new shares are deducted from equity.

Dividends to the owner of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

(ii) Perpetual Sukuk

Perpetual Sukuk is classified as equity instruments as there is no contractual obligation to redeem the instrument. Costs directly attributable to the issuance of the instrument, net of tax, are treated as a deduction from the proceeds.

Perpetual Sukuk holders' entitlement is accounted for as an appropriation in profit or loss and distribution is recognised in the statement of changes in equity in the period in which it is declared.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

(ii) Defined contribution pension plans

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution pension plans in accordance with local conditions and practices in the countries in which it operates. The Group's contributions to defined contribution pension plans are charged to profit or loss in the financial year in which they relate.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(iii) Defined benefit pension plans

A defined benefit pension plan is a pension plan that is not a defined contribution pension plan. Typically defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant group of companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior financial years are estimated.

The liabilities in respect of the defined benefit pension plans are the present value of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

(iv) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary redundancy.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(v) Share-based compensation

Sime Darby Berhad, the Company's immediate holding company, operates an equity-settled, share-based compensation plan (Performance-based Employee Share Scheme or PBESS) for the employees of Sime Darby Berhad Group.

Employee services received by the Company in exchange for the grant of Sime Darby Berhad's shares are recognised as an expense in profit or loss over the vesting period of the grant with a corresponding increase in equity (as capital contribution). Where the share grants are subsequently recharged to the Company by Sime Darby Berhad, the amounts are debited against the equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, Sime Darby Berhad revises its estimates of the number of shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity or in the amount recharged to the Group.

Recharges made in respect of the fair value of shares granted to employees of the Group and the Company are accounted for as employee share scheme costs payable to the immediate holding company.

(vi) Other long-term employee benefits

Other long-term employee benefits such as deferred compensation payable twelve months or more after the service period are calculated based on the Group's and the Company's policy using the same methodology as other post-employment benefits.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Financial liabilities

The Group's financial liabilities are classified into four categories and the accounting policies for each of these categories are as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instruments. The Group does not have any financial liabilities designated as fair value through profit or loss upon initial recognition.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

(iii) Other financial liabilities

Payables, amounts due to subsidiaries, borrowings and finance lease liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

(iv) Derivatives and hedging activities

The accounting policy for derivatives used for hedging activities is disclosed in Note 3(k).

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(q) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and other short-term highly liquid investments (with original maturities of three months or less) and are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statements of financial position, bank overdrafts are included in short-term borrowings.

(r) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of profit or loss over the period of the borrowings using the effective interest method.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(r) Borrowings and borrowing costs (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of those assets until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statements of profit or loss in the financial year in which they are incurred.

(s) Taxation

Taxation comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the applicable tax rates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements including those arising from business combination. Deferred tax is not recognised on goodwill and those arising from initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(t) Deferred income

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants are treated as deferred income and allocated to profit or loss over the useful lives of the related assets or over the period of the operating expenditure to which the grants are intended to compensate.

Freight income is deferred and recognised over the period when the services are rendered.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Sales of agricultural produce and refined palm oil related products

The Group's revenue is derived mainly from its upstream and downstream operations.

In the upstream operations, the Group sells agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), palm kernel ("PK"), rubber, beef and sugar. In the downstream operations, revenue is derived from sales of refined oil related products and provision of freight and tolling services.

Revenue from sales of agricultural produce and refined palm oil related products are recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and shipping services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services.

There is no element of financing present as the Group's sale of goods are either on cash terms (immediate payments or advance payments not exceeding 30 days); or on credit terms of up to 30 days. The Group's obligation to provide quality claims against off-spec goods under the Group's standard contractual terms is recognised as a provision.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Rendering of services – Provision of freight, tolling and other services

Revenue from provision of freight is recognised in the accounting period in which services are rendered. In cases where customers pay for the bundled contract in advance to the rendering of the freight services, a deferred income is recognised.

Revenue from the provision of tolling services is recognised in the period in which the manufacturing activities are performed. There is no element of financing present as the sales is made with credit terms of up to 30 days.

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:

- Rental income - recognised on a straight-line basis over the lease terms.
- Dividend income - recognised when the right to receive payment is established.

(v) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases accounted by the lessee are charged to profit or loss on a straight-line basis over the lease term.

(w) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments at the inception of the respective leases. The corresponding liabilities are classified as finance lease obligation by the lessee.

Lease payments are allocated between the finance charges and finance lease obligation. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining finance lease obligation.

(x) Commodity future and forward contracts

Commodity future and forward contracts are entered into by the Group to manage exposure to adverse movements in vegetable oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(y) Contingent liabilities

The Group does not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

(z) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group companies within a single segment. Intragroup transactions which in substance represent re-allocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar terms as those available to external parties.

(aa) Fair value estimation

Fair values shown in the financial statements are categorised into three different levels to increase consistency and comparability in fair value measurements. The levels of hierarchy are based on the input used to measure the fair value of an asset or a liability. The hierarchy based on highest to the lowest priority is as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities
Level 2 - valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly
Level 3 - valuation inputs that are not based on observable market data

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conforming with MFRS requires the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(a) Impairment of non-financial assets

The Group assesses whether there is any indication that the non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical results and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions may materially affect the amount of impairment.

The impairment and reversal of impairment on property, plant and equipment and intangible assets are disclosed in Notes 6(e) and 7, respectively.

(b) Taxation

(i) Income taxes

The Group has recognised certain tax recoverable for which the Group believes that there is a reasonable basis for recognition. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may result in a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made. Total tax recoverable balance for the Group as at 30 June 2017 is RM718 million (30 June 2016: RM455 million, 30 June 2015: RM417 million, 1 July 2014: RM267 million) as disclosed in Note 26.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits (including investment allowances) can be utilised. This involves judgement regarding future taxable profits of a particular entities within the Group in which the deferred tax asset has been recognised.

During the current financial year, the Group has recognised deferred tax assets arising from unutilised tax losses as disclosed in Note 25.

(c) Fair value of biological assets

The nature of Group and Company's biological assets and the basis of determination of their fair value is explained in Note 18.

(i) Oil palm

The Group and Company attribute a fair value on the fresh fruit bunches ("FFB") at each statement of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO"). Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(c) Fair value of biological assets (continued)

(i) Oil palm (continued)

The valuation model adopted by the Group and Company is a discounted cash flows model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other cost to sell at the point of harvest.

If the selling prices of FFB or tonnage changed by 10%, the Group's fair value changes in FFB would have increased or decreased by approximately RM20.5 million (30 June 2016: RM15.8 million, 30 June 2015: RM20.4 million) and RM 17.3 million (30 June 2016: RM13.5 million, 30 June 2015: RM17.1 million), respectively.

If the selling prices of FFB or tonnage changed by 10%, the Company's fair value changes in FFB would have increased or decreased by approximately RM9.2 million (30 June 2016: RM6.9 million, 30 June 2015: RM10.3 million) and RM9.6 million (30 June 2016: RM7.6 million, 30 June 2015: RM10.3 million), respectively.

(ii) Growing canes

The determination of fair value for the Group's growing canes requires estimates to be made of the anticipated canes harvest, its age and condition at the statement of financial position date, the sucrose content to be extracted and sugar prices. The anticipated canes harvest is based on management's historical records, current planting statistics and production forecast. Fair value of the harvested canes is based on the accepted industry benchmark of allocating the fair value of sugar production between the fair value attributable to the canes grower and the value attributable to the miller. The fair value of the growing canes at the statement of financial position date is based on the estimated fair value of the growing canes less further costs to be incurred in growing and harvesting the canes up to the point of harvest and contributory asset charges.

If the estimated harvest volume of canes increased or decreased by 10%, fair value changes in growing canes would have increased or decreased by approximately RM 6.6 million (30 June 2016: RM10.0 million, 30 June 2015: RM7.5 million) accordingly.

(d) Purchase price allocation

Purchase prices related to business combinations and asset acquisitions are allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually indentifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests.

The acquisition accounting values recognised for intangible assets and deferred tax assets arising from the acquisitions made during the financial year ended 30 June 2015 are presented in Note 43.

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5. REVENUE

The Group and Company derive the following types of revenue:

	Note	2017 RM '000	GROUP 2016 RM '000	2015 RM '000
Revenue from contracts with customers	5(a)	14,764,419	11,930,343	10,286,271
Revenue from other sources	5(b)	14,962	16,121	17,770
Total revenue		14,779,381	11,946,464	10,304,041

	Note	2017 RM '000	COMPANY 2016 RM '000	2015 RM '000
Revenue from contracts with customers	5(a)	3,849,235	3,191,246	3,088,961
Revenue from other sources	5(b)	388,850	411,218	279,359
Total revenue		4,238,085	3,602,464	3,368,320

(a) Disaggregation of revenue from contracts with customers

	GROUP RM '000	COMPANY RM '000
2017		
Upstream		
- Malaysia	775,099	624,355
- Indonesia	966,818	-
- Papua New Guinea ("PNG")	1,872,220	-
- Liberia	11,446	-
Downstream	11,078,852	3,224,880
Other operations	59,984	-
	14,764,419	3,849,235
2016		
Upstream		
- Malaysia	467,570	742,467
- Indonesia	863,994	-
- PNG	1,142,876	-
- Liberia	470	-
Downstream	9,389,022	2,448,779
Other operations	66,411	-
	11,930,343	3,191,246
2015		
Upstream		
- Malaysia	1,114,675	850,603
- Indonesia	1,231,008	-
- PNG	521,508	-
Downstream	7,354,854	2,238,358
Other operations	64,226	-
	10,286,271	3,088,961

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (continued)

	GROUP		
	2017	2016	2015
	RM'000	RM'000	RM'000
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products	14,553,581	11,772,136	10,162,554
Freight services	203,213	147,625	110,108
Tolling services	7,625	10,582	13,609
	14,764,419	11,930,343	10,286,271

	COMPANY		
	2017	2016	2015
	RM'000	RM'000	RM'000
Sales of palm based products, other refined edible oils, rubber, and other agricultural products	3,838,739	3,180,556	3,075,240
Freight services	4,383	3,353	5,352
Tolling services	6,113	7,337	8,369
	3,849,235	3,191,246	3,088,961

	GROUP			COMPANY		
	2017	2016	2015	2017	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition						
- at point in time	14,553,581	11,772,136	10,162,554	3,838,739	3,180,556	3,075,240
- over time	210,838	158,207	123,717	10,496	10,690	13,721
	14,764,419	11,930,343	10,286,271	3,849,235	3,191,246	3,088,961

(b) Revenue from other sources

	GROUP			COMPANY		
	2017	2016	2015	2017	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends (gross) received/ receivable from:						
- other investments	1,793	1,483	3,546	1,740	1,160	2,900
- subsidiaries	-	-	-	377,511	400,042	265,826
Rental income	13,169	14,638	14,224	9,599	10,016	10,633
	14,962	16,121	17,770	388,850	411,218	279,359

(c) Revenue expected to be recognised in relation to unsatisfied performance obligations

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) as at 30 June 2017.

	Expected timing of recognition	
	GROUP	COMPANY
	2018	2018
	RM'000	RM'000
Freight income (Note 41)	26,707	138

As permitted under the transition provision in MFRS 15, the transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 30 June 2016, 30 June 2015 and 1 July 2014 are not disclosed.

6. OPERATING EXPENSES

(a) Operating expenses include:

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Changes in inventories of finished goods and work in progress	286,375	212,660	(84,322)	(26,944)	24,732	3,561
Finished goods and work in progress purchased	876,657	840,799	726,452	-	-	-
Raw materials and consumables	4,651,395	3,857,969	3,424,588	1,159,947	977,782	812,269
Other direct costs of sales (Note 6(b))	2,042,246	1,586,614	1,442,260	601,444	551,738	584,529
Employee costs (Note 6(d))	2,599,127	2,261,580	1,889,620	741,717	694,586	721,707
Depreciation of:						
- property, plant and equipment (Note 6(c))	1,167,333	1,054,202	744,895	233,687	236,656	234,502
- investment properties (Note 17)	78	69	58	-	-	-
Amortisation of:						
- intangible assets (Note 23)	38,600	32,365	18,297	7,816	3,450	4,373
- prepaid lease rentals (Note 19)	40,661	37,820	34,754	-	-	-
Other operating expenses (Note 6(e))	1,288,551	1,246,833	988,652	563,614	296,158	313,671
	12,991,023	11,130,911	9,185,254	3,281,281	2,785,102	2,674,612

6. OPERATING EXPENSES (CONTINUED)

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
(b) Other direct costs of sales include:						
Transport and handling charges	648,836	407,979	196,959	108,903	71,774	69,484
Commisions fees	49,971	56,714	50,672	43,887	38,805	37,976
Tolling fees	-	-	-	15,447	49,623	49,592
Upkeep, manuring, and collection expenses	636,437	494,203	702,699	225,013	208,420	239,830
Selling and distribution expenses	136,086	52,067	25,653	1,328	3,944	4,229
Mills and refineries maintenance expenses	277,552	331,729	365,991	60,201	58,319	63,374
Research expenses	1,516	1,605	1,328	93,058	74,881	72,101
Others	291,848	242,317	98,958	53,607	45,972	47,943
	2,042,246	1,586,614	1,442,260	601,444	551,738	584,529
(c) Depreciation of property, plant and equipment						
Depreciation for the financial year (Note 16)	1,191,996	1,090,290	759,889	244,729	247,399	244,573
Depreciation capitalised to property, plant and equipment - immature bearer plants	(24,663)	(36,088)	(14,994)	(11,042)	(10,743)	(10,071)
Depreciation included in profit or loss (Note 6(a))	1,167,333	1,054,202	744,895	233,687	236,656	234,502
(d) Employee costs include:						
Salaries, wages and bonus	2,086,800	1,749,342	1,287,021	503,793	490,267	528,267
Defined contribution plan	101,148	87,658	82,560	86,416	52,156	48,675
Retirement benefits (Note 38)	44,340	46,522	20,602	4,945	4,751	5,039
Employee share scheme	-	(13,518)	(845)	-	(8,987)	(232)
Termination benefits	26,006	17,149	22,983	5,958	1,816	10
Other employee benefits	340,833	374,427	477,299	140,605	154,583	139,948
	2,599,127	2,261,580	1,889,620	741,717	694,586	721,707

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NOTES TO THE FINANCIAL STATEMENTS
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6. OPERATING EXPENSES (CONTINUED)

			GROUP			COMPANY
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
(e) Other operating expenses include:						
Auditors' remuneration:						
- fees for statutory audits	11,437	10,274	9,054	1,291	1,091	1,716
- other than statutory audit services	5,055	2,123	3,772	621	383	3,508
Fair value changes in biological assets (net)	(23,391)	25,976	(30,601)	(19,359)	16,313	(1,567)
Impairment of:						
- property, plant and equipment (Note 16)	210,178	75	14,494	-	-	-
- intangible assets (Note 23)	-	3,015	-	-	-	-
- investment in subsidiaries (Note 20)	-	-	-	304,845	36,929	-
- intercompany balances (Note 29)	-	-	-	3,433	8,803	-
- trade and other receivables (Note 27)	12,887	9,772	2,394	2,710	6	263
Bad debts written off	10,274	4,575	903	15	1	-
Intangible assets written off	2,166	-	-	-	-	-
Property, plant and equipment written off (Note 16)	57,646	25,645	31,588	14,745	3,284	9,734
Donations	30,399	45,641	49,316	-	17,160	27,100
Insurance charges	33,520	28,761	34,437	8,654	11,141	16,299
Information technology charges	80,293	68,885	68,134	21,418	21,798	20,029
Management fees to a fellow subsidiary	39,988	29,909	31,827	39,988	29,909	31,827
Loss on disposal of investment in subsidiary	-	-	638	-	-	-
Compensation for land transfer	16,670	-	-	16,670	-	-
Professional fees	87,866	49,909	71,433	17,215	8,126	39,261
Quit rent and assessment	65,347	41,127	34,083	23,329	17,053	15,814
Rental of premises	50,061	33,517	29,432	6,538	7,798	8,109
Repairs and maintenance	189,560	116,191	107,323	27,553	26,241	31,375
Telecommunication expenses	9,259	8,735	8,480	1,309	1,692	1,907
Travelling expenditure	59,825	45,500	43,475	10,760	9,597	15,716
Utilities expenditure	125,701	114,453	123,362	29,687	30,418	27,864
Inventories write-down	-	-	1,439	-	-	45

7. OTHER OPERATING INCOME

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Gain on disposal of:						
- property, plant and equipment	2,562,728	4,611	300,489	2,386,465	32,264	82,890
- non-current assets held for sale	-	210,898	-	-	-	-
Government grants/incentives	96	1,415	934	-	-	-
Insurance claims	13,041	8,323	1,339	1,527	3,906	1,189
Other compensation income	11,935	2,775	1,214	9,170	2,775	1,214
Reversal of impairment of:						
- property, plant and equipment (Note 16)	-	-	755	-	-	-
- investment in subsidiaries (Note 20)	-	-	-	9,275	42,008	274
- intercompany balances (Note 29)	-	-	-	651	906	-
- trade and other receivables (Note 27)	620	19,641	524	-	61	-
Reversal of accruals for claims	-	4,060	173	-	-	146
Reversal of inventories write-down	22,562	837	-	59	216	-
Sale of scrap	11,977	2,836	3,838	2,802	1,170	2,222
Sale of rubber wood	10,291	923	2,769	10,291	923	2,764
Write-back of allowance for irrecoverable tax credit	-	31,699	-	-	-	-
Other income	37,755	43,084	21,109	4,568	3,972	10,935
	2,671,005	331,102	333,144	2,424,808	88,201	101,634

8. OTHER GAINS AND LOSSES

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Fair value losses on forward foreign exchange contracts:						
- non-hedging derivatives	(2,878)	-	(6,695)	-	(1,683)	(681)
- cash flow hedge	-	-	(7,342)	-	-	(3,113)
Foreign currencies exchange losses:						
- realised	(33,654)	(142,438)	(26,619)	(95,385)	(16,965)	(20,806)
- unrealised	(26,317)	(54,492)	(42,333)	(151,010)	(266,352)	(163,792)
Fair value gains on commodities future contracts	23,725	6,162	3,958	13,494	7,503	3,757
Fair value gains on forward foreign exchange contracts:						
- non-hedging derivatives	-	3,476	-	43	-	-
- cash flow hedge	25,430	9,293	-	513	2,807	-
Foreign currencies exchange gains:						
- realised	55,861	209,740	104,201	5,008	123,488	82,486
- unrealised	36,340	89,562	93,816	11,858	16,114	97,506
	78,507	121,303	118,986	(215,479)	(135,088)	(4,643)

9. FINANCE INCOME

	GROUP			COMPANY		
	2017	2016	2015	2017	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Finance income from:						
- accretion of interests (Note 27(b))	21,304	19,911	18,607	-	-	-
- banks and other financial institutions	13,608	18,937	47,027	1,730	1,956	4,867
- subsidiaries	-	-	-	16,169	20,246	21,278
- customers and others	12,574	4,915	19,883	1,051	1,497	58
	47,486	43,763	85,517	18,950	23,699	26,203

10. FINANCE COSTS

	GROUP			COMPANY		
	2017	2016	2015	2017	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Finance costs charged by:						
- banks and other financial institutions	151,354	168,601	53,890	99,386	95,441	35,641
- finance lease of plant and machinery	3,772	4,412	6,032	1,928	2,182	3,694
- fellow subsidiaries	359,858	369,453	267,291	359,858	369,453	263,098
- subsidiaries	-	-	-	2,321	-	13,403
Net changes in fair value of interest rate swap contracts (non-hedging derivatives)	-	(2,396)	2,396	-	(2,396)	2,396
Amortisation of deferred interest expenses	-	-	95	-	-	-
Amortisation of deferred financing expenses (Note 39)	10,032	3,200	962	10,032	3,200	962
Reversal of discount on long-term bonus	-	(128)	(61)	-	(91)	(44)
	525,016	543,142	330,605	473,525	467,789	319,150
Interests capitalised in:						
- capital work-in-progress	(10,611)	(8,673)	(10,000)	(1,818)	(3,507)	(4,018)
- bearer plants	(42,236)	(67,175)	(12,044)	(26,790)	(24,341)	(1,370)
- intangible assets	(311)	(3,201)	(1,367)	(311)	(3,201)	(1,367)
	(53,158)	(79,049)	(23,411)	(28,919)	(31,049)	(6,755)
Net finance costs	471,858	464,093	307,194	444,606	436,740	312,395

11. DIRECTORS' REMUNERATION

Included in Note 6(d) is the aggregate amount of emoluments received/receivable by the Directors of the Company during the financial year as follows:

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Non-executive Directors:						
- fees and allowances	1,922	1,921	1,219	1,045	992	950
Executive Directors:						
- salaries and other remunerations	2,809	1,935	2,022	2,809	1,935	2,022
- benefits-in-kind	29	35	35	29	35	35
	2,838	1,970	2,057	2,838	1,970	2,057

12. TAX EXPENSE/(CREDIT)

A reconciliation of income tax expense/(credit) applicable to profit before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate is as follows:

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Current tax:						
In respect of current financial year						
- Malaysian income tax	127,192	42,858	46,609	53,963	3,341	5,522
- foreign income tax	387,421	203,945	220,273	-	-	-
In respect of prior financial years						
- Malaysian income tax	(1,349)	(2,518)	(13,500)	1,118	(2,014)	(11,237)
- foreign income tax	18,268	4,281	(19,083)	-	-	-
Deferred tax (Note 25)						
- origination and reversal of temporary differences	(60,682)	(396,566)	59,403	90,062	50,833	59,793
- effects of changes in tax rates	8,203	-	(327)	-	-	4,847
- benefits from previously unrecognised tax losses, tax credit and temporary differences	-	(15,896)	(8,898)	-	-	-
	(52,479)	(412,462)	50,178	90,062	50,833	64,640
Tax expense/(credit)	479,053	(163,896)	284,477	145,143	52,160	58,925

12. TAX EXPENSE/(CREDIT) (CONTINUED)

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Profit before tax	4,030,963	839,039	1,315,923	2,740,477	357,434	504,507
Applicable tax	896,202	172,818	261,093	657,715	85,784	126,127
Effects of income not subject to tax	(568,494)	(135,970)	(70,290)	(671,034)	(139,040)	(124,133)
Effects of expenses not deductible for tax purposes	187,960	125,646	159,059	181,281	134,569	87,638
Effects of changes in tax rates on deferred tax	8,203	-	(327)	-	-	4,847
Expenses subject to double deductions	(12,987)	(9,393)	(34,295)	(23,937)	(27,139)	(24,317)
Benefits in respect of previously unrecognised tax losses	-	(15,896)	(8,898)	-	-	-
Deferred tax assets not recognised in respect of current financial year's tax losses and deductible temporary differences	1,002	22,095	2,261	-	-	-
Under/(over) provision in respect of prior financial years	16,919	1,763	(32,583)	1,118	(2,014)	(11,237)
Effects of changes in tax rates from changes in tax revaluation	(69,228)	(348,142)	-	-	-	-
Share of tax expense from associates and joint ventures	19,476	23,183	8,457	-	-	-
Tax expense/(credit) for the financial year	479,053	(163,896)	284,477	145,143	52,160	58,925
Applicable tax rate (average) (%)	22.2	20.6	19.8	24.0	24.0	25.0
Effective tax rate (%)	11.9	(19.5)	21.6	5.3	14.6	11.7

(a) The applicable tax rate of the Group is derived from the consolidation of all Group's companies' applicable tax rates based on their respective domestic tax rates. The applicable tax of the Company is the product of profit before tax multiplied by the domestic tax rate of the Company.

(b) The Ministry of Finance in Indonesia has issued a new regulation on fixed assets revaluation (under Peraturan Menteri Keuangan No.191/PMK.010/2015) ("PMK 191") effective from 20 October 2015 as a temporary special tax treatment to taxpayers. Under the special tax regulation, taxpayers who elect to apply the fixed asset revaluation are granted a special tax treatment, leading to a reduction in the final tax rate to be applied on the companies.

Under the special tax regulation, 15 of the Group's subsidiaries had elected and submitted their application for the special tax incentive by performing a tax revaluation on certain assets and paid a final tax amount of IDR219 billion (equivalent to RM66.3 million) for the revaluation surplus in May 2016.

During the financial year ended 30 June 2017, 17 of the Group's subsidiaries had elected and submitted their application under this tax regulation and paid a final tax amount of IDR67.7 billion (equivalent to RM21.9 million) in December 2016.

Subsequent to the approvals of the fixed assets revaluation by the Director General of Taxation ("DGT"), the Group will enjoy lower income tax expense in the future as a result of higher depreciation expense (which is an allowable expense for tax deduction under the Indonesian tax-regime) as compared to the one-off tax paid on the revaluation surplus. Consequently as a result of this, the Group has recognised deferred tax assets amounting to IDR282.1 billion (equivalent to RM91.1 million) (30 June 2016: IDR1,368 billion, equivalent to RM414.4 million, 30 June 2015 and 1 July 2014: Nil).

13. EARNINGS PER SHARE

Basic and diluted earnings per share attributable to equity holder of the Company is computed as follows:

	GROUP		
	2017	2016	2015
Profit for the financial year (RM'000)	3,507,099	967,179	997,113
Weighted average number of ordinary shares in issue ('000)	600,000	600,000	600,000
Earnings per share (basic/diluted)(sen)	584.52	161.20	166.19

14. DIVIDENDS

Dividends payable and paid in respect of the ordinary shares for the financial year are as follows:

	GROUP/COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
Payable to the immediate holding company in respect of the financial years ended 30 June 2015, 30 June 2016, 30 June 2017:			
First interim single tier dividend of RM0.50 per share (2016: RM1.167 per share, 2015: RM0.35 per share)	300,000	700,000	210,000
Second interim single tier dividend of RM1.00 per share (2016: RM Nil per share, 2015: RM0.65 per share)	600,000	-	390,000
	900,000	700,000	600,000

The Directors do not recommend any payment of final dividend in respect of the financial years ended 30 June 2017.

15. OTHER COMPREHENSIVE INCOME

GROUP - 2017	Hedging reserve	Available-for-sale reserve	Exchange reserve	Retained earnings	Attributable to equity holder of the Company	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Items that will be reclassified subsequently to profit or loss:							
Currency translation differences:							
- subsidiaries	-	-	218,622	-	218,622	(4,042)	214,580
- joint ventures	-	-	11,385	-	11,385	-	11,385
Net changes in fair value:							
- available-for-sale investments	-	(1,954)	-	-	(1,954)	(29)	(1,983)
- cash flow hedge	32,143	-	-	-	32,143	50	32,193
Tax expenses relating to components of other comprehensive income	(7,034)	-	-	-	(7,034)	-	(7,034)
Items that will not be reclassified subsequently to profit or loss:							
Actuarial gain on defined benefit plans	-	-	-	15,982	15,982	1,248	17,230
Share of other comprehensive loss of joint ventures	-	-	-	(8,179)	(8,179)	-	(8,179)
Tax expenses relating to actuarial gain on defined benefit plans	-	-	-	(3,955)	(3,955)	(337)	(4,292)
	25,109	(1,954)	230,007	3,848	257,010	(3,110)	253,900

15. OTHER COMPREHENSIVE INCOME (CONTINUED)

GROUP - 2016	Hedging reserve RM'000	Available-for-sale reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Items that will be reclassified subsequently to profit or loss:							
Currency translation differences:							
- subsidiaries	-	-	388,408	-	388,408	32,883	421,291
- joint ventures	-	-	31,774	-	31,774	-	31,774
Net changes in fair value:							
- available-for-sale investments	-	16,029	-	-	16,029	2,409	18,438
- cash flow hedge	(28,050)	-	-	-	(28,050)	-	(28,050)
Tax credit relating to components of other comprehensive income	5,445	-	-	-	5,445	-	5,445
Items that will not be reclassified subsequently to profit or loss:							
Actuarial gain/(loss) on defined benefit plans	-	-	-	520	520	(74)	446
Share of other comprehensive income of joint ventures	-	-	-	5,573	5,573	-	5,573
Tax credit/(expenses) relating to actuarial loss/(gain) on defined benefit plans	-	-	-	88	88	(201)	(113)
	(22,605)	16,029	420,182	6,181	419,787	35,017	454,804

15. OTHER COMPREHENSIVE INCOME (CONTINUED)

GROUP - 2015	Hedging reserve RM'000	Available-for-sale reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Items that will be reclassified subsequently to profit or loss:							
Currency translation differences:							
- subsidiaries	-	-	502,290	-	502,290	25,300	527,590
- joint ventures	-	-	5,223	-	5,223	-	5,223
Net changes in fair value:							
- available-for-sale investments	-	(16,584)	-	-	(16,584)	(3)	(16,587)
- cash flow hedge	(10,842)	-	-	-	(10,842)	-	(10,842)
Tax credit relating to components of other comprehensive income	3,792	-	-	-	3,792	-	3,792
Items that will not be reclassified subsequently to profit or loss:							
Actuarial loss on defined benefit plans	-	-	-	(6,828)	(6,828)	(666)	(7,494)
Share of other comprehensive loss of joint ventures	-	-	-	(20,857)	(20,857)	-	(20,857)
Tax credit relating to actuarial loss on defined benefit plans	-	-	-	1,782	1,782	172	1,954
	(7,050)	(16,584)	507,513	(25,903)	457,976	24,803	482,779

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Bearer plants (Note (a))	Plant and machinery	Vehicles, equipment and fixtures	Capital work-in-progress	Total
GROUP - 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 July 2016	2,699,272	1,808,089	4,708,184	9,049,271	4,304,540	1,698,562	428,292	24,696,210
Acquisition of a business (Note 43(b))	69,298	-	8,202	8,500	16,934	449	-	103,383
Additions	74	1,817	49,018	940,066	100,170	57,609	502,911	1,651,665
Disposals	(8,561)	(16)	(13,539)	(38,937)	(95,459)	(29,643)	-	(186,155)
Write offs	-	-	(8,934)	(177,497)	(14,286)	(17,780)	(4,451)	(222,948)
Transfers from/(to):								
- other receivables (Note 27 (a))	-	-	-	1,839	-	-	-	1,839
- non-current assets held for sale (Note 32)	(5,239)	-	(37,118)	(110,898)	(46,044)	(10,678)	(4,384)	(214,361)
- inventories	-	-	-	28,308	-	-	-	28,308
Reclassification	-	-	42,443	-	8,984	2,679	(54,106)	-
Exchange differences	10,086	80,749	142,986	63,721	(261,881)	72,068	20,028	127,757
At 30 June 2017	2,764,930	1,890,639	4,891,242	9,764,373	4,012,958	1,773,266	888,290	25,985,698
Accumulated depreciation								
At 1 July 2016	-	362,098	1,370,676	1,843,420	1,827,905	1,114,767	-	6,518,866
Charge for the financial year (Note 6(c))	-	25,271	227,070	504,267	304,630	130,758	-	1,191,996
Disposals	-	(4)	(5,700)	(9,322)	(48,119)	(21,889)	-	(85,034)
Write offs	-	-	(2,342)	(133,310)	(12,188)	(17,302)	-	(165,142)
Transfer to non-current assets held for sale (Note 32)	-	-	(12,739)	(42,965)	(21,869)	(9,171)	-	(86,744)
Exchange differences	-	(17,054)	(301,713)	8,615	138,243	69,633	-	(102,276)
At 30 June 2017	-	370,311	1,275,252	2,170,705	2,188,602	1,266,796	-	7,271,666

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Leasehold land	Buildings	Bearer plants (Note (a))	Plant and machinery	Vehicles, equipment and fixtures	Capital work-in-progress	Total
GROUP - 2017 (continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment losses								
At 1 July 2016	-	15,787	37,516	2,844	107,983	3,130	7,893	175,153
Charge for the financial year (Note 6(e))	-	-	17,828	192,000	261	89	-	210,178
Disposals	-	-	(947)	-	(4,611)	(307)	-	(5,865)
Write offs	-	-	(83)	-	(29)	(48)	-	(160)
Exchange differences	-	49	(1,538)	(5,243)	357	219	1,287	(4,869)
At 30 June 2017	-	15,836	52,776	189,601	103,961	3,083	9,180	374,437
Net book value at 30 June 2017	2,764,930	1,504,492	3,563,214	7,404,067	1,720,395	503,387	879,110	18,339,595
GROUP - 2016								
Cost								
At 1 July 2015	2,697,983	1,817,669	4,328,363	7,920,157	4,105,458	1,526,572	442,405	22,838,607
Additions	-	4,869	37,864	856,276	70,390	59,031	380,705	1,409,135
Disposals	(5,096)	(63)	(6,112)	(13,640)	(13,295)	(773)	-	(38,979)
Write offs	-	-	(3,914)	(100,577)	(7,098)	(11,226)	-	(122,815)
Transfers from/(to):								
- other receivables (Note 27 (a))	-	-	-	3,215	-	-	-	3,215
- investment properties (Note 17)	-	-	(76)	-	-	-	-	(76)
- intangible assets (Note 23)	-	-	-	-	-	(25)	-	(25)
Reclassification	(68)	327	261,925	-	137,731	27,152	(427,067)	-
Exchange differences	6,453	(14,713)	90,134	383,840	11,354	97,831	32,249	607,148
At 30 June 2016	2,699,272	1,808,089	4,708,184	9,049,271	4,304,540	1,698,562	428,292	24,696,210

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Leasehold land	Buildings	Bearer plants (Note (a))	Plant and machinery	Vehicles, equipment and fixtures	Capital work-in-progress	Total
GROUP - 2016 (continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation								
At 1 July 2015	-	290,130	1,160,034	1,455,012	1,709,889	917,168	-	5,532,233
Charge for the financial year (Note 6(c))	-	55,115	275,363	382,690	239,780	137,342	-	1,090,290
Disposals	-	(27)	(928)	(314)	(2,358)	(567)	-	(4,194)
Write offs	-	-	(2,745)	(76,730)	(6,661)	(10,807)	-	(96,943)
Reclassification	-	61	2,293	-	(2,096)	(258)	-	-
Exchange differences	-	16,819	(63,341)	82,762	(110,649)	71,889	-	(2,520)
At 30 June 2016	-	362,098	1,370,676	1,843,420	1,827,905	1,114,767	-	6,518,866
Accumulated impairment losses								
At 1 July 2015	-	16,194	37,216	2,844	102,645	2,997	7,186	169,082
Charge for the financial year (Note 6(e))	-	-	31	-	31	13	-	75
Disposals	-	(2)	-	-	-	-	-	(2)
Write offs	-	-	(224)	-	-	(3)	-	(227)
Reclassification	-	(405)	-	-	384	21	-	-
Exchange differences	-	-	493	-	4,923	102	707	6,225
At 30 June 2016	-	15,787	37,516	2,844	107,983	3,130	7,893	175,153
Net book value at 30 June 2016	2,699,272	1,430,204	3,299,992	7,203,007	2,368,652	580,665	420,399	18,002,191

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP - 2015	Freehold land	Leasehold land	Buildings	Bearer plants (Note (a))	Plant and machinery	Vehicles, equipment and fixtures	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 July 2014	2,650,548	1,221,278	3,289,300	4,033,459	2,885,528	1,277,532	626,119	15,983,764
Acquisition of subsidiaries	63,808	524,033	597,651	2,953,404	801,417	167,374	81,175	5,188,862
Additions	136	409	16,349	603,639	45,304	75,396	404,299	1,145,532
Disposals	(13,351)	(197)	(1,398)	(9,124)	(13,127)	(2,894)	(7,507)	(47,598)
Disposal of a subsidiary	-	-	-	-	(69,613)	-	-	(69,613)
Write offs	-	-	(8,216)	(22,455)	(16,945)	(17,901)	(1,887)	(67,404)
Transfers from/(to):								
- other receivables	-	-	-	5,724	-	-	(15)	5,709
- investment properties (Note 17)	(6,338)	-	(264)	-	-	(613)	-	(7,215)
- prepaid lease rental (Note 19)	-	-	-	-	-	-	(828)	(828)
- intangible assets (Note 23)	-	-	-	-	-	-	(2,322)	(2,322)
- non-current assets held for sale (Note 32)	(4,331)	-	(17,703)	-	(40,298)	(6,593)	(140)	(69,065)
Reclassification	(1,592)	1,567	400,291	-	262,682	13,324	(676,272)	-
Exchange differences	9,103	70,579	52,353	355,510	250,510	20,947	19,783	778,785
At 30 June 2015	2,697,983	1,817,669	4,328,363	7,920,157	4,105,458	1,526,572	442,405	22,838,607

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP - 2015 (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants (Note (a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 July 2014	-	264,051	980,634	1,208,806	1,460,592	808,417	-	4,722,500
Charge for the financial year (Note 6(c))	-	11,407	176,544	225,960	224,893	121,085	-	759,889
Disposals	-	(24)	(93)	(966)	(6,224)	(2,534)	-	(9,841)
Disposal of a subsidiary	-	-	-	-	(9,076)	-	-	(9,076)
Write offs	-	-	(5,206)	(1,689)	(10,702)	(17,639)	-	(35,236)
Transfers to:								
- investment properties (Note 17)	-	-	-	-	-	(179)	-	(179)
- non-current assets held for sales (Note 32)	-	-	(14,055)	-	(38,917)	(5,794)	-	(58,766)
Reclassification	-	-	5,401	-	-	(5,401)	-	-
Exchange differences	-	14,696	16,809	22,901	89,323	19,213	-	162,942
At 30 June 2015	-	290,130	1,160,034	1,455,012	1,709,889	917,168	-	5,532,233

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP - 2015 (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants (Note (a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated impairment losses								
At 1 July 2014	-	16,258	21,484	2,844	109,699	1,834	6,518	158,637
Charge for the financial year (Note 6(e))	-	-	14,494	-	-	-	-	14,494
Reversal for the financial year (Note 7)	-	-	-	-	(365)	(5)	(385)	(755)
Disposals	-	(64)	(41)	-	(6,321)	(76)	-	(6,502)
Write offs	-	-	(321)	-	(242)	(17)	-	(580)
Transfers to investment properties (Note 17)	-	-	-	-	-	(279)	-	(279)
Reclassification	-	-	269	-	-	(269)	-	-
Exchange differences	-	-	1,331	-	(126)	1,809	1,053	4,067
At 30 June 2015	-	16,194	37,216	2,844	102,645	2,997	7,186	169,082
Net book value at 30 June 2015	2,697,983	1,511,345	3,131,113	6,462,301	2,292,924	606,407	435,219	17,137,292
Net book value at at 1 July 2014	2,650,548	940,969	2,287,182	2,821,809	1,315,237	467,281	619,601	11,102,627

Included in additions of the Group's property, plant and equipment during the financial year ended 30 June 2017 are depreciation capitalised in immature bearer plants of RM24.6 million (30 June 2016: RM36.0 million, 30 June 2015: RM15.0 million), borrowing costs capitalised in capital work-in-progress of RM10.6 million (30 June 2016: RM8.7 million, 30 June 2015: RM10.0 million) and borrowing costs capitalised in immature bearer plants of RM42.2 million (30 June 2016: RM67.2 million, 30 June 2015: RM12.0 million).