

**SIME DARBY PLANTATION BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land	Leasehold land	Buildings	Bearer plants	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
<b>COMPANY - 2017</b>								
<b>Cost</b>				(Note (a))				
At 1 July 2016	4,277,841	316,689	1,325,417	2,232,393	867,916	348,455	62,885	9,451,596
Acquisition of a business (Note 43(b))	69,298	-	8,202	8,500	15,934	449	-	103,383
Additions	74	-	37,591	299,853	27,520	11,104	48,010	424,152
Intra group acquisition	-	-	50	-	9	36	-	95
Disposals	(165,711)	-	(11,461)	(33,791)	(66,102)	(4,789)	-	(281,854)
Intra group disposals	-	-	(45)	-	-	(160)	-	(205)
Write offs	-	-	(1,192)	(52,193)	(8,355)	(4,978)	(635)	(67,353)
Transfers to non-current assets held for sale (Note 32)	(71,102)	-	(11,121)	(13,802)	(17,019)	(1,484)	-	(114,528)
Reclassification	-	-	35,864	-	8,984	2,679	(47,527)	-
<b>At 30 June 2017</b>	<b>4,110,400</b>	<b>316,689</b>	<b>1,383,305</b>	<b>2,440,960</b>	<b>849,887</b>	<b>351,312</b>	<b>62,733</b>	<b>9,515,286</b>
<b>Accumulated depreciation</b>								
At 1 July 2016	-	29,896	301,050	542,637	390,150	201,188	-	1,464,921
Charge for the financial year (Note 6(c))	-	3,392	55,508	70,886	74,379	40,564	-	244,729
Disposals	-	-	(6,622)	(8,975)	(19,866)	(3,630)	-	(39,093)
Intra group disposals	-	-	(10)	-	-	(105)	-	(115)
Write offs	-	-	(1,192)	(38,328)	(8,131)	(4,957)	-	(52,608)
Transfers to non-current assets held for sale (Note 32)	-	-	(1,438)	(3,593)	(515)	(875)	-	(6,421)
Reclassification	-	-	-	-	(85)	85	-	-
<b>At 30 June 2017</b>	<b>-</b>	<b>33,288</b>	<b>347,296</b>	<b>562,627</b>	<b>435,932</b>	<b>232,270</b>	<b>-</b>	<b>1,611,413</b>
<b>Net book value at 30 June 2017</b>	<b>4,110,400</b>	<b>283,401</b>	<b>1,036,009</b>	<b>1,878,333</b>	<b>413,955</b>	<b>119,042</b>	<b>62,733</b>	<b>7,903,873</b>

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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land	Leasehold land	Buildings	Bearer plants (Note (e))	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
<b>COMPANY - 2016</b>								
<b>Cost</b>								
At 1 July 2015	4,278,675	316,653	1,221,659	1,979,821	884,050	336,789	113,026	9,130,673
Additions	-	-	8,877	275,609	2,488	5,159	77,463	369,596
Intra group acquisition	-	-	28	-	38	80	101	247
Disposals	(766)	(32)	-	-	(11,733)	-	-	(12,531)
Intra group disposals	-	-	-	-	-	(429)	-	(429)
Transfers to intangible assets (Note 23)	-	-	-	-	-	-	(3,676)	(3,676)
Write offs	-	-	(963)	(23,037)	(4,649)	(3,635)	-	(32,284)
Reclassification	(68)	68	95,816	-	17,722	10,491	(124,029)	-
At 30 June 2016	4,277,841	316,689	1,325,417	2,232,393	887,916	348,455	62,885	9,451,596
<b>Accumulated depreciation</b>								
At 1 July 2015	-	26,518	248,141	491,547	323,091	159,761	-	1,249,058
Charge for the financial year (Note 6(c))	-	3,386	53,870	71,057	73,764	45,322	-	247,399
Disposals	-	(8)	-	-	(2,266)	-	-	(2,274)
Intra group disposals	-	-	-	-	-	(262)	-	(262)
Write offs	-	-	(961)	(19,967)	(4,439)	(3,633)	-	(29,000)
At 30 June 2016	-	29,896	301,050	542,637	390,150	201,188	-	1,464,921
Net book value at 30 June 2016	4,277,841	286,793	1,024,367	1,689,756	497,766	147,267	62,885	7,986,675

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**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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>COMPANY - 2015</b>								
Cost								
At 1 July 2014	4,284,466	315,094	1,113,765	1,741,293	855,999	342,548	92,892	8,746,057
Additions	-	-	4,419	244,124	11,112	22,372	138,502	420,529
Intra group acquisition	-	-	1,835	-	850	350	29	3,064
Disposals	(4,195)	(3)	-	-	(256)	(809)	-	(5,263)
Intra group disposals	(4)	(5)	-	-	-	(863)	(3,546)	(4,418)
Transfers to intangible assets (Note 23)	-	-	-	-	-	-	(2,322)	(2,322)
Write offs	-	-	(1,868)	(5,596)	(7,523)	(10,100)	(1,887)	(26,974)
Reclassification	(1,592)	1,567	103,508	-	23,868	(16,709)	(110,642)	-
At 30 June 2015	4,278,675	316,653	1,221,659	1,979,821	884,050	336,789	113,026	9,130,673
Accumulated depreciation								
At 1 July 2014	-	23,152	193,598	434,771	245,436	126,151	-	1,023,108
Charge for the financial year (Note 6(c))	-	3,366	53,876	60,087	79,987	47,257	-	244,573
Disposals	-	-	-	-	(256)	(809)	-	(1,065)
Intra group disposals	-	-	-	-	-	(318)	-	(318)
Write offs	-	-	(1,780)	(3,311)	(2,076)	(10,073)	-	(17,240)
Reclassification	-	-	2,447	-	-	(2,447)	-	-
At 30 June 2015	-	26,518	248,141	491,547	323,091	159,761	-	1,249,058
Net book value at 30 June 2015	4,278,675	290,135	973,518	1,488,274	560,959	177,028	113,026	7,881,615
Net book value at 1 July 2014	4,284,466	291,942	920,167	1,306,522	610,563	216,397	92,892	7,722,949

Included in additions of the Company's property, plant and equipment during the financial year ended 30 June 2017 are depreciation capitalised in immature bearer plants of RM11.0 million (30 June 2016: RM10.7 million), borrowing costs capitalised in capital work-in-progress of RM1.8 million (30 June 2016: RM3.5 million, 30 June 2015: 4.0 million) and borrowing costs capitalised in immature bearer plants of RM26.8 million (30 June 2016: RM24.3 million, 30 June 2015: RM1.4 million).

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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**a. Bearer plants**

Bearer plants comprised oil palm, rubber trees and growing canes.

GROUP - 2017	Mature			Immature		Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total		
				Oil palm RM'000	Rubber trees RM'000	
<b>Cost</b>						
At 1 July 2016	6,625,693	44,932	108,040	6,778,665	2,174,787	9,049,271
Acquisition of a business (Note 43(b))	6,600	-	-	6,600	1,900	8,500
Additions	213	-	-	213	861,007	940,066
Disposals	(37,110)	-	-	(37,110)	(1,827)	(38,937)
Write offs	(174,098)	(1,847)	-	(175,945)	(1,552)	(177,497)
Transfers from/(to):						
- other receivables (Note 27(a))	1,839	-	-	1,839	-	1,839
- non current assets held for sale	(110,898)	-	-	(110,898)	-	(110,898)
- inventories	-	-	-	-	24,170	28,308
Reclassification	855,490	288	-	855,778	(855,490)	-
Exchange differences	125,824	(58)	(5,730)	120,036	(57,170)	63,721
At 30 June 2017	7,293,553	43,315	102,310	7,439,178	2,145,825	9,764,373
<b>Accumulated depreciation</b>						
At 1 July 2016	1,800,204	11,991	31,225	1,843,420	-	1,843,420
Charge for the financial year	463,806	971	39,490	504,267	-	504,267
Disposals	(9,322)	-	-	(9,322)	-	(9,322)
Write offs	(132,095)	(1,187)	(28)	(133,310)	-	(133,310)
Transfer to non current assets held for sale	(42,965)	-	-	(42,965)	-	(42,965)
Exchange differences	7,391	(311)	1,535	8,615	-	8,615
At 30 June 2017	2,087,019	11,464	72,222	2,170,705	-	2,170,705

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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**a. Bearer plants (continued)**

	Mature				Immature		Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	
<b>GROUP - 2017 (CONTINUED)</b>							
Accumulated impairment losses							
At 1 July 2016	2,844	-	-	2,844	-	-	2,844
Charge for the financial year	192,000	-	-	192,000	-	-	192,000
Exchange differences	(5,243)	-	-	(5,243)	-	-	(5,243)
At 30 June 2017	189,601	-	-	189,601	-	-	189,601
Net book value at 30 June 2017	5,016,933	31,851	30,088	5,078,872	2,145,825	179,370	7,404,067

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## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## a. Bearer plants (continued)

GROUP - 2016	Mature			Immature		Total bearer plants RM'000	
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000		Rubber trees RM'000
<b>Cost</b>							
At 1 July 2015	5,996,323	22,431	100,511	6,119,265	1,720,470	80,422	1,800,892
Additions	-	-	-	-	817,445	38,831	856,276
Disposals	(13,640)	-	-	(13,640)	-	-	-
Write offs	(99,545)	(1,032)	-	(100,577)	-	-	-
Transfers from other receivables (Note 27(a))	-	-	-	-	3,215	-	3,215
Reclassification	392,123	23,475	-	415,598	(392,123)	(23,475)	(415,598)
Exchange differences	350,432	58	7,529	358,019	25,780	41	25,821
At 30 June 2016	6,625,693	44,932	108,040	6,778,665	2,174,787	95,819	2,270,606
<b>Accumulated depreciation</b>							
At 1 July 2015	1,438,421	8,941	7,550	1,455,012	-	-	-
Charge for the financial year	348,615	5,081	28,994	382,690	-	-	-
Disposals	(314)	-	-	(314)	-	-	-
Write offs	(75,839)	(891)	-	(76,730)	-	-	-
Exchange differences	89,321	(1,140)	(5,419)	82,762	-	-	-
At 30 June 2016	1,800,204	11,991	31,225	1,843,420	-	-	-
<b>Accumulated impairment losses</b>							
At 1 July 2015 /At 30 June 2016	2,844	-	-	2,844	-	-	-
Net book value at 30 June 2016	4,822,645	32,941	76,815	4,932,401	2,174,787	95,819	2,270,606
							7,203,007



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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

a. Bearer plants (continued)

	Mature			Immature		Total bearer plants RM'000	
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000		Rubber trees RM'000
GROUP - 2015 (continued)	2,844	-	-	2,844	-	-	2,844
Accumulated impairment losses At 1 July 2014 / At 30 June 2015							
Net book value at 30 June 2015	4,555,058	13,490	92,861	4,661,409	1,720,470	80,422	1,800,892
Net book value at 1 July 2014	1,707,977	14,409	-	1,722,386	1,045,432	53,991	1,099,423



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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

a. Bearer plants (continued)

	Mature		Immature		Total bearer plants RM'000
	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	
<b>COMPANY - 2017</b>					
<b>Cost</b>					
At 1 July 2016	1,468,596	1,493,212	646,643	92,538	2,232,393
Acquisition of a business (Note 43(b))	6,600	6,600	1,900	-	8,500
Additions	-	-	266,719	33,134	299,853
Disposals	(31,964)	(31,964)	(1,827)	-	(33,791)
Write offs	(49,774)	(51,621)	(572)	-	(52,193)
Transfers to non-current assets held for sale	(10,474)	(10,474)	(3,328)	-	(13,802)
Reclassification	301,015	301,303	(301,015)	(288)	-
At 30 June 2017	1,683,999	1,707,056	608,520	125,384	2,440,960
<b>Accumulated depreciation</b>					
At 1 July 2016	530,646	542,637	-	-	542,637
Charge for the financial year	70,226	70,886	-	-	70,886
Disposals	(8,975)	(8,975)	-	-	(8,975)
Write offs	(37,141)	(38,328)	-	-	(38,328)
Transfers to non-current assets held for sale	(3,593)	(3,593)	-	-	(3,593)
At 30 June 2017	551,163	562,627	-	-	562,627
Net book value at 30 June 2017	1,132,836	1,144,429	608,520	125,384	1,878,333

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

a. Bearer plants (continued)

COMPANY - 2016	Mature		Immature		Total bearer plants RM'000	
	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000		Total RM'000
	Oil palm RM'000	Rubber trees RM'000	Oil palm RM'000	Rubber trees RM'000		Total RM'000
<b>Cost</b>						
At 1 July 2015	1,366,171	22,431	1,388,602	518,712	72,507	1,979,821
Additions	-	-	-	252,362	23,247	275,609
Write offs	(22,006)	(1,031)	(23,037)	-	-	(23,037)
Reclassification	124,431	3,216	127,647	(124,431)	(3,216)	-
At 30 June 2016	1,468,596	24,616	1,493,212	646,643	92,538	2,232,393
<b>Accumulated depreciation</b>						
At 1 July 2015	482,607	8,940	491,547	-	-	491,547
Charge for the financial year	67,116	3,941	71,057	-	-	71,057
Write offs	(19,077)	(890)	(19,967)	-	-	(19,967)
At 30 June 2016	530,646	11,991	542,637	-	-	542,637
<b>Net book value at 30 June 2016</b>	<b>937,950</b>	<b>12,625</b>	<b>950,575</b>	<b>646,643</b>	<b>92,538</b>	<b>1,689,756</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

a. Bearer plants (continued)

COMPANY - 2015	Mature			Immature			Total bearer plants RM'000
	Oil palm RM'000	Rubber trees	Total	Oil palm RM'000	Rubber trees	Total	
		RM'000	RM'000		RM'000	RM'000	
<b>Cost</b>							
At 1 July 2014	1,262,953	23,265	1,286,218	403,883	51,192	455,075	1,741,293
Additions	-	-	-	222,333	21,791	244,124	244,124
Write offs	(4,286)	(1,310)	(5,596)	-	-	-	(5,596)
Reclassification	107,504	476	107,980	(107,504)	(476)	(107,980)	-
At 30 June 2015	1,366,171	22,431	1,388,602	518,712	72,507	591,219	1,979,821
<b>Accumulated depreciation</b>							
At 1 July 2014	425,915	8,856	434,771	-	-	-	434,771
Charge for the financial year	59,111	976	60,087	-	-	-	60,087
Write offs	(2,419)	(892)	(3,311)	-	-	-	(3,311)
At 30 June 2015	482,607	8,940	491,547	-	-	-	491,547
<b>Net book value at 30 June 2015</b>	<b>883,564</b>	<b>13,491</b>	<b>897,055</b>	<b>518,712</b>	<b>72,507</b>	<b>591,219</b>	<b>1,488,274</b>
<b>Net book value at 1 July 2014</b>	<b>837,038</b>	<b>14,409</b>	<b>851,447</b>	<b>403,883</b>	<b>51,192</b>	<b>455,075</b>	<b>1,306,522</b>

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## b. Underlying assets for Islamic financing facilities

- i. In January 2013, the Company entered into a notional sale and leaseback of certain of its plantation land and bearer plants with Sime Darby Global Berhad ("Sime Darby Global"), a special purpose vehicle established by Sime Darby Berhad ("SDB"), the immediate holding company. This sale and leaseback arrangement is solely to facilitate the issuance of Islamic Trust Certificates ("Sukuk") by Sime Darby Global and it does not represent a collateralisation nor involve a transfer of registered land title. On 23 May 2017, the Company acquired the entire equity interest of Sime Darby Global.

The carrying amount of the assets used as underlying Sukuk assets as at 30 June 2017 amounted to RM292 million (30 June 2016: RM820 million, 30 June 2015: RM774 million, 1 July 2014: RM819 million).

- ii. During the financial year ended 30 June 2016, a subsidiary of the Company entered into a notional sale and leaseback of certain of its plantation land and bearer plants with SDB. This sale and leaseback arrangement is solely to facilitate the issuance of Perpetual Subordinated Sukuk Programme ("Perpetual Sukuk") by SDB. The structure does not represent collateralisation and there was no transfer of registered land title. On 23 June 2017, the Perpetual Sukuk was novated from SDB to the Company. The sale and leaseback agreement was similarly novated from SDB to the Company.

The carrying amount of the assets used as underlying Perpetual Sukuk assets as at 30 June 2017 amounted to RM114 million (30 June 2016: RM116 million, 30 June 2015 and 1 July 2014: RM Nil).

## c. Assets pledged as security

As at 30 June 2017, property, plant and equipment with a total carrying amount of RM Nil (30 June 2016: RM96 million, 30 June 2015: RM3,677 million, 1 July 2014: RM Nil) were pledged as security for borrowings (see Note 39(e)(i)).

## d. Assets under finance leases

Plant and machinery includes the following amounts where the Group and the Company are the lessees under finance leases:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Cost - capitalised finance lease	66,729	164,296	164,296	164,296
Accumulated depreciation	(18,173)	(44,483)	(27,013)	(18,032)
Net book value	48,556	119,813	137,283	146,264

  

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Cost - capitalised finance lease	24,315	82,990	94,722	94,722
Accumulated depreciation	(6,479)	(17,541)	(15,123)	(10,115)
Net book value	17,836	65,449	79,599	84,607

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**e. Impairment**

During the financial year ended 30 June 2015, the Group carried out an assessment to determine the recoverable amount of property, plant and equipment ("PPE") in one of its downstream cash generating units (CGU) as the facility was idle. An impairment of RM14.5 million was recognised as the carrying amount of the PPE exceeded the fair value less costs of disposal of those assets. The Group made full impairment of the remaining carrying amount of RM7.4 million (except for certain assets which will be transferred to another subsidiary) during the financial year ended 30 June 2017 as it did not foresee the facility will be revived.

The Group had also during the financial year ended 30 June 2017, carried out an impairment review to determine the recoverability of the Group's PPE in Liberia as a result of a change in the Group's strategic investment decisions in Liberia following the continuing losses incurred by its Liberia's operations.

For the purpose of this review, the recoverable amount of the Group's PPE in Liberia, comprising the oil palm estates and oil palm mill were valued separately as two CGUs by an independent professional valuer. The recoverable amounts of these CGUs were determined based on the higher of fair value less cost of disposal and value-in-use. No impairment charge was required on the oil palm mill as the fair value less cost of disposal exceeded its carrying value.

An impairment loss of RM202.3 million was recorded on the oil palm estates in Liberia as the carrying amount of the oil palm estate's PPE exceeded its fair value less cost of disposal of RM315.6 million. Estimates of fair values on the oil palm estates as determined by the professional valuer were based on the income approach and are within Level 3 of the fair value hierarchy. The key assumptions adopted in the valuation and the sensitivity analysis of each of these assumptions assuming all other variables are held constant are as follows:

<u>Key assumptions</u>	<u>Base case</u>	<u>Sensitivity</u>	<u>Additional impairment</u> RM' million
Crude Palm Oil ("CPO") price	USD 750 per mt	Reduced by 5%	52
Fresh Fruit Bunches ("FFB") yields	7 to 23 mt per ha	Reduced by 1mt per ha	48
Average upkeep costs	USD668 per ha	Increased by 10%	17
Discount rate	12% per annum	Increased by 1%	25

**f. Changes in estimate of useful life**

Effective from 1 July 2015, the Group changed its estimated useful life for certain buildings from 9 - 20 years to 10 - 26 years, and certain plant and machinery from 5 - 30 years to 7 - 40 years in conformity with the change in the expected pattern of consumption of the future economic benefits. As a result, the Group's depreciation charge decreased by RM27.2 million for financial year ended 30 June 2016.

There is no change in the estimated useful lives of property, plant and equipment during the financial year ended 30 June 2017.

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17. INVESTMENT PROPERTIES

	Freehold land	Buildings	Total
	RM'000	RM'000	RM'000
<b>GROUP - 2017</b>			
Cost			
At 1 July 2016	13,555	1,252	14,807
Exchange differences	1,059	133	1,192
At 30 June 2017	<u>14,614</u>	<u>1,385</u>	<u>15,999</u>
Accumulated depreciation			
At 1 July 2016	-	366	366
Charge for the financial year (Note 6(a))	-	78	78
Exchange differences	-	41	41
At 30 June 2017	<u>-</u>	<u>485</u>	<u>485</u>
Accumulated impairment losses			
At 1 July 2016	-	302	302
Exchange differences	-	32	32
At 30 June 2017	<u>-</u>	<u>334</u>	<u>334</u>
Net book value at 30 June 2017	<u>14,614</u>	<u>566</u>	<u>15,180</u>
<b>GROUP - 2016</b>			
Cost			
At 1 July 2015	13,362	1,371	14,733
Transfers from property, plant and equipment (Note 16)	-	76	76
Transfers to non-current assets held for sale (Note 32)	-	(220)	(220)
Exchange differences	193	25	218
At 30 June 2016	<u>13,555</u>	<u>1,252</u>	<u>14,807</u>
Accumulated depreciation			
At 1 July 2015	-	322	322
Charge for the financial year (Note 6(a))	-	69	69
Transfers to non-current assets held for sale (Note 32)	-	(32)	(32)
Exchange differences	-	7	7
At 30 June 2016	<u>-</u>	<u>366</u>	<u>366</u>
Accumulated impairment losses			
At 1 July 2015	-	296	296
Exchange differences	-	6	6
At 30 June 2016	<u>-</u>	<u>302</u>	<u>302</u>
Net book value at 30 June 2016	<u>13,555</u>	<u>584</u>	<u>14,139</u>

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**17. INVESTMENT PROPERTIES (CONTINUED)**

GROUP - 2015	Freehold land RM'000	Building RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2014	6,256	408	6,664
Transfers from property, plant and equipment (Note 16)	6,338	877	7,215
Exchange differences	768	86	854
At 30 June 2015	<u>13,362</u>	<u>1,371</u>	<u>14,733</u>
<b>Accumulated depreciation</b>			
At 1 July 2014	-	57	57
Charge for the financial year (Note 6(a))	-	58	58
Transfers from property, plant and equipment (Note 16)	-	179	179
Exchange differences	-	28	28
At 30 June 2015	<u>-</u>	<u>322</u>	<u>322</u>
<b>Accumulated impairment losses</b>			
At 1 July 2014	-	-	-
Transfers from property, plant and equipment (Note 16)	-	279	279
Exchange differences	-	17	17
At 30 June 2015	<u>-</u>	<u>296</u>	<u>296</u>
Net book value at 30 June 2015	<u>13,362</u>	<u>753</u>	<u>14,115</u>
Net book value at 1 July 2014	<u>6,256</u>	<u>351</u>	<u>6,607</u>

The fair value of investment properties as at 30 June 2017 is RM20.0 million (30 June 2016: RM18.0 million, 30 June 2015: RM20.4 million, 1 July 2014: RM11.0 million) based on the valuation performed by external professional firms of surveyors and valuers. The valuation was performed using the comparable method based on current prices of comparable properties in an active market for all properties within Level 2 of the fair value hierarchy. Level 2 is based on the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The latest external valuation was carried out as at 30 June 2017.

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18. BIOLOGICAL ASSETS

	Oil palm	Growing canes	Livestock	Total
	RM'000	RM'000	RM'000	RM'000
<b>GROUP - 2017</b>				
At 1 July 2016	60,254	54,766	52,565	167,585
Additions	-	-	257	257
Transfers to produce stocks	(60,859)	(58,417)	-	(119,276)
Transfers to non-current assets held for sale (Note 32)	(80)	-	-	(80)
Fair value gains/(losses)	91,934	51,375	(642)	142,667
Disposals	-	-	(154)	(154)
Exchange differences	568	3,784	3,648	8,000
At 30 June 2017	<u>91,817</u>	<u>51,508</u>	<u>55,674</u>	<u>198,999</u>
<b>GROUP - 2016</b>				
At 1 July 2015	88,448	44,319	50,294	183,061
Additions	-	-	22,504	22,504
Transfers to produce stocks	(90,139)	(48,192)	-	(138,331)
Disposals	-	-	(19,346)	(19,346)
Fair value gains/(losses)	60,208	56,124	(3,977)	112,355
Exchange differences	1,737	2,515	3,090	7,342
At 30 June 2016	<u>60,254</u>	<u>54,766</u>	<u>52,565</u>	<u>167,585</u>
<b>GROUP - 2015</b>				
At 1 July 2014	96,687	-	-	96,687
Acquisition of subsidiaries	-	-	44,800	44,800
Transfers to produce stocks	(97,574)	-	-	(97,574)
Fair value gains	87,817	40,358	-	128,175
Exchange differences	1,518	3,961	5,494	10,973
At 30 June 2015	<u>88,448</u>	<u>44,319</u>	<u>50,294</u>	<u>183,061</u>



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**18. BIOLOGICAL ASSETS (CONTINUED)**

	Oil palm RM'000	Total RM'000
<b>COMPANY - 2017</b>		
At 1 July 2016	35,221	35,221
Transfers to produced stocks	(35,221)	(35,221)
Fair value gains	54,580	54,580
At 30 June 2017	<u>54,580</u>	<u>54,580</u>
<b>COMPANY - 2016</b>		
At 1 July 2015	51,534	51,534
Transfers to produced stocks	(51,534)	(51,534)
Fair value gains	35,221	35,221
At 30 June 2016	<u>35,221</u>	<u>35,221</u>
<b>COMPANY - 2015</b>		
At 1 July 2014	49,967	49,967
Transfers to produced stocks	(49,967)	(49,967)
Fair value gains	51,534	51,534
At 30 June 2015	<u>51,534</u>	<u>51,534</u>

The Group's and Company's biological assets were fair valued within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 basis (inputs are observable indirectly). Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between all three levels of the fair value hierarchy during the financial year.

The biological assets have the following maturity periods:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
<u>Non-current</u>				
Due later than one year	-	44,969	8,422	-
<u>Current</u>				
Due not later than one year	198,999	122,616	174,639	96,687
	<u>198,999</u>	<u>167,585</u>	<u>183,061</u>	<u>96,687</u>
	<b>COMPANY</b>			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
<u>Current</u>				
Due not later than one year	54,580	35,221	51,534	49,967
	<u>54,580</u>	<u>35,221</u>	<u>51,534</u>	<u>49,967</u>

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The biological assets of the Group and the Company comprised:

**(i) Oil palm**

Oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvest for use in the Group's and Company's palm product operations. During the financial year ended 30 June 2017, the Group and the Company harvested approximately 9,784,046 metric tonnes ("MT") of FFB (2016: 9,620,506 MT, 2015: 9,637,549 MT) and 3,717,119 MT of FFB (2016: 3,577,580 MT, 2015: 4,059,124 MT) respectively. The quantity of unharvested FFB of the Group and the Company as at 30 June 2017 included in the fair valuation of FFB was 385,688 MT (2016: 292,661 MT, 2015: 443,586 MT) and 161,457 MT (2016: 118,226 MT, 2015: 184,568 MT) respectively.

In arriving at the fair value, the Group and the Company adopted the income approach which considers the net present value of all directly attributable 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 as disclosed in Note 4(c)(i) to the financial statements. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

**(ii) Growing canes**

Growing canes represent the standing canes prior to harvest whereby the values are dependent on the age, sucrose content and condition as at the statement of financial position date as disclosed in Note 4(c)(ii). During the financial year ended 30 June 2017, the Group harvested approximately 269,200 MT (2016: 238,158 MT, 2015: 54,090 MT) of canes. The estimated quantity of unharvested canes as at 30 June 2017 included in the fair valuation of FFB of the Group was 233,344 MT (2016: 265,808 MT, 2015: 211,642 MT).

**(iii) Livestock**

Livestock comprise the cattle livestock included within the Group's beef production operations. Cattle livestock are generally fed for 120 days prior to use for beef production. During the financial year ended 30 June 2017, the Group produced 1,923.4 tonnes (2016: 1,874.6 tonnes, 2015: 591.8 tonnes) of beef. The quantity of cattle as at 30 June 2017 included in the fair values of livestock was 24,803 head (2016: 26,014 head, 2015: 24,885 head).

The fair values of livestock are based on the Groups' assessment of age, average weights and market values of the livestock at the statement of financial position date. If the selling prices of livestock changes by 10%, fair value changes in livestock would have increased or decreased by approximately RM5.6 million (2016: RM5.3 million, 2015: RM5.0 million) respectively.

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**19. PREPAID LEASE RENTALS**

The prepaid lease rentals are payments for rights to use in respect of the short-term leasehold land.

	GROUP		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000
Cost			
At 1 July	1,273,457	1,224,812	1,210,881
Additions	1,093	452	4,984
Transfers (to)/from:			
- non-current assets held for sale (Note 32)	(4,968)	-	-
- property, plant and equipment (Note 16)	-	-	828
Disposal of a subsidiary	-	-	(28,350)
Exchange differences	35,925	48,193	36,469
At 30 June	<u>1,305,507</u>	<u>1,273,457</u>	<u>1,224,812</u>
Accumulated amortisation			
At 1 July	641,287	602,014	567,975
Charge for the financial year (Note 6(a))	40,661	37,820	34,754
Disposal of a subsidiary	-	-	(1,755)
Transfers to non-current assets held for sale (Note 32)	(2,566)	-	-
Exchange differences	1,116	1,453	1,040
At 30 June	<u>680,498</u>	<u>641,287</u>	<u>602,014</u>
Net book value at 30 June	<u>625,009</u>	<u>632,170</u>	<u>622,798</u>

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**20. SUBSIDIARIES**

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Unquoted shares at cost	7,804,171	7,708,782	7,650,873	1,597,310
Amounts due from subsidiaries - non-interest bearing	2,000,873	1,898,886	1,511,871	1,405,887
Accumulated impairment losses	(1,023,332)	(745,141)	(728,983)	(687,385)
	<u>8,781,712</u>	<u>8,862,527</u>	<u>8,433,761</u>	<u>2,315,812</u>

Movements of impairment losses for investment in subsidiaries are as follows:

	COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
At 1 July	745,141	728,983	687,385
Charge for the financial year (Note 6(e))	304,845	36,929	-
Reversal for the financial year (Note 7)	(9,275)	(42,008)	(274)
Reversal of impairment due to dissolution of subsidiaries	(17,282)	(42,076)	-
Reclassified (to)/from amounts due from subsidiaries (Note 29)	(97)	63,313	41,872
At 30 June	<u>1,023,332</u>	<u>745,141</u>	<u>728,983</u>

Management believes that there are no reasonably possible changes in any of the key assumptions used that would cause the carrying amounts of the investments in subsidiaries to materially exceed the recoverable amounts except for the investment in a subsidiary, Sime Darby Plantation (Liberia) Inc. ("Liberia").

A review was carried out over the recoverability of cost of investment in Liberia as a result of the change in the management's strategic investment decisions which were identified as impairment indicators for the investment in the operation in Liberia.

The recoverable amount of the subsidiary is determined based on fair value less costs to sell method (Level 3 of the fair value hierarchy). The key assumptions for the impairment assessment are disclosed in Note 16 to the financial statements.

As a result of the impairment assessment, an impairment loss of RM303,658,371 was recorded in operating expense in the Company's statement of profit or loss for the current financial year.

Based on the sensitivity analysis performed by the Company, the impact of 1% increase in the discount rate used, which is a key assumption, will result in additional impairment loss of approximately RM25 million.

The amounts due from subsidiaries above are deemed as capital contribution to subsidiaries as the repayment of these amounts are neither fixed nor expected.

The Group's equity interest in the subsidiaries as at 30 June 2017, their principal activities and countries of incorporation are shown in Note 53.

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## 21. JOINT VENTURES

The Group's equity interest in the joint ventures as at 30 June 2017, 30 June 2016, 30 June 2015 and 1 July 2014, their respective principal activities and countries of incorporation are shown in Note 53.

## (a) Share of results of joint ventures

The Group's share of results of joint ventures are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000
Share of results for the financial year	(76,606)	(1,883)	(33,774)
Share of other comprehensive (loss)/income (net of tax)	(8,179)	5,573	(20,857)
Currency translation differences	11,385	31,774	5,223
Share of total comprehensive (loss)/income	<u>(73,400)</u>	<u>35,464</u>	<u>(49,408)</u>

## (b) Investments in joint ventures

The Group's and Company's investments in joint ventures are as follows:

	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>1 July</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	376,281	374,458	370,509	302,099
Share of post-acquisition reserves	103,394	176,794	141,331	190,739
	<u>479,675</u>	<u>551,252</u>	<u>511,840</u>	<u>492,838</u>

  

	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>1 July</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	<u>312,241</u>	<u>311,998</u>	<u>306,827</u>	<u>283,389</u>

## (c) Material joint ventures

Set out below are the joint ventures of the Group as at 30 June 2017, 30 June 2016, 30 June 2015 and 1 July 2014 which, in the opinion of the Directors, are material to the Group.

<u>Name of joint ventures</u>	<u>Group's effective</u> <u>interest</u>	<u>Place of business/Country of</u> <u>incorporation</u>
	%	
Emery Oleochemicals (M) Sdn Bhd	50	Malaysia
Emery Specialty Chemicals Sdn Bhd	50	Malaysia

The Group's investments in joint ventures are in private companies and there are no quoted market prices available for these shares.

There are no contingent liabilities in respect of the Group's interests in the joint ventures.

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## 21. JOINT VENTURES (CONTINUED)

## (d) Summarised financial information

The summarised statements of comprehensive income of the joint ventures are as follows:

<u>2017</u>	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
Revenue	2,678,582	65,941	53,310	2,797,833
Depreciation and amortisation	(89,960)	(13,038)	(1,827)	(104,825)
Interest income	9,262	937	-	10,199
Interest expense	(38,543)	(12,025)	(2,818)	(53,386)
Impairment of property, plant and equipment	(85,730)	-	-	(85,730)
Loss before tax	(64,972)	(30,865)	(27,157)	(122,994)
Tax expense	(27,435)	(7)	(11,476)	(38,918)
Loss for the financial year	<u>(92,407)</u>	<u>(30,872)</u>	<u>(38,633)</u>	<u>(161,912)</u>
Loss for the financial year attributable to owners of:				
- the joint venture	(94,488)	(30,872)	(38,633)	(163,993)
- non-controlling interests	2,081	-	-	2,081
	<u>(92,407)</u>	<u>(30,872)</u>	<u>(38,633)</u>	<u>(161,912)</u>
Loss for the financial year	<u>(92,407)</u>	<u>(30,872)</u>	<u>(38,633)</u>	<u>(161,912)</u>
Other comprehensive income/(loss)				
- unrealised exchange differences	22,912	(346)	-	22,566
- actuarial loss on defined benefit plans	(23,899)	-	-	(23,899)
- tax credit relating to actuarial loss on defined benefit plans	7,541	-	-	7,541
	<u>6,554</u>	<u>(346)</u>	<u>-</u>	<u>6,208</u>
Total comprehensive loss for the financial year	<u>(85,853)</u>	<u>(31,218)</u>	<u>(38,633)</u>	<u>(155,704)</u>
Total comprehensive loss for the financial year attributable to owners of:				
- the joint venture	(87,934)	(31,218)	(38,633)	(157,785)
- non-controlling interests	2,081	-	-	2,081
	<u>(85,853)</u>	<u>(31,218)</u>	<u>(38,633)</u>	<u>(155,704)</u>

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 21. JOINT VENTURES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of comprehensive income of the joint ventures are as follows (continued):

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>2016</b>				
Revenue	2,627,517	16,023	69,096	2,712,636
Depreciation and amortisation	(87,641)	(7,634)	-	(95,275)
Interest income	8,920	551	15	9,486
Interest expense	(36,939)	(7,976)	(2,662)	(47,577)
Gain on disposal of non-current assets held for sale	49,168	-	-	49,168
Profit/(loss) before tax	80,153	(23,754)	(12,397)	44,002
Tax (expense)/credit	(46,669)	132	819	(45,718)
Profit/(loss) for the financial year	33,484	(23,622)	(11,578)	(1,716)
Profit/(loss) for the financial year attributable to owners of:				
- the joint venture	30,808	(23,622)	(11,578)	(4,392)
- non-controlling interests	2,676	-	-	2,676
Profit/(loss) for the financial year	33,484	(23,622)	(11,578)	(1,716)
Other comprehensive income/(loss)				
- unrealised exchange differences	63,640	(94)	-	63,546
- actuarial gain on defined benefit plans	15,460	-	-	15,460
- tax expense relating to actuarial loss on defined benefit plans	(4,314)	-	-	(4,314)
	74,786	(94)	-	74,692
Total comprehensive income/(loss) for the financial year	108,270	(23,716)	(11,578)	72,976
Total comprehensive income/(loss) for the financial year attributable to owners of:				
- the joint venture	105,594	(23,716)	(11,578)	70,300
- non-controlling interests	2,676	-	-	2,676
	108,270	(23,716)	(11,578)	72,976

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 21. JOINT VENTURES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of comprehensive income of the joint ventures are as follows (continued):

<u>2015</u>	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
Revenue	2,670,737	-	73,920	2,744,657
Depreciation and amortisation	(86,040)	(130)	(6,988)	(93,158)
Interest income	6,593	1,201	26	7,820
Interest expense	(30,689)	(2,006)	(2,684)	(35,379)
Loss before tax	(15,123)	(24,169)	(9,270)	(48,562)
Tax (expense)/credit	(16,437)	(261)	27	(16,671)
Loss for the financial year	<u>(31,560)</u>	<u>(24,430)</u>	<u>(9,243)</u>	<u>(65,233)</u>
Loss for the financial year attributable to owners of:				
- the joint venture	(34,289)	(24,430)	(9,243)	(67,962)
- non-controlling interests	2,729	-	-	2,729
Loss for the financial year	<u>(31,560)</u>	<u>(24,430)</u>	<u>(9,243)</u>	<u>(65,233)</u>
Other comprehensive income/(loss)				
- unrealised exchange differences	10,483	(38)	-	10,445
- actuarial loss on defined benefit plans	(61,048)	-	-	(61,048)
- tax credit relating to actuarial loss on defined benefit plans	19,334	-	-	19,334
	<u>(31,231)</u>	<u>(38)</u>	<u>-</u>	<u>(31,269)</u>
Total comprehensive loss for the financial year	<u>(62,791)</u>	<u>(24,468)</u>	<u>(9,243)</u>	<u>(96,502)</u>
Total comprehensive loss for the financial year attributable to owners of:				
- the joint venture	(65,520)	(24,468)	(9,243)	(99,231)
- non-controlling interests	2,729	-	-	2,729
	<u>(62,791)</u>	<u>(24,468)</u>	<u>(9,243)</u>	<u>(96,502)</u>



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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 21. JOINT VENTURES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of financial position of the joint ventures are as follows:

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>30 June 2017</u>				
Non-current assets	1,026,148	248,393	207,025	1,481,566
Current assets				
Cash and cash equivalents	181,071	13,712	9,925	204,708
Other current assets	1,109,446	94,529	34,760	1,238,735
	1,290,517	108,241	44,685	1,443,443
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(10,678)	-	(62,185)	(72,863)
	(10,678)	-	(62,185)	(72,863)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(829,672)	(250,265)	(48,249)	(1,128,186)
Other current liabilities	(553,193)	(113,434)	(27,733)	(694,360)
	(1,382,865)	(363,699)	(75,982)	(1,822,546)
Non-controlling interests	(58,576)	-	-	(58,576)
Net assets	864,546	(7,065)	113,543	971,024

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 21. JOINT VENTURES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of financial position of the joint ventures are as follows (continued):

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>30 June 2016</b>				
Non-current assets	1,114,842	242,592	216,894	1,574,328
Current assets				
Cash and cash equivalents	226,791	5,005	13,798	245,594
Other current assets	1,003,189	23,711	36,873	1,063,773
	1,229,980	28,716	50,671	1,309,367
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(9,925)	-	(35,716)	(45,641)
Other non-current liabilities	-	-	(234)	(234)
	(9,925)	-	(35,950)	(45,875)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(842,234)	(90,617)	(9,798)	(942,649)
Other current liabilities	(482,893)	(156,538)	(73,873)	(713,304)
	(1,325,127)	(247,155)	(83,671)	(1,655,953)
Non-controlling interests	(57,290)	-	-	(57,290)
Net assets	952,480	24,153	147,944	1,124,577

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**21. JOINT VENTURES (CONTINUED)**

(d) Summarised financial information (continued)

The summarised statements of financial position of the joint ventures are as follows (continued):

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>30 June 2015</b>				
Non-current assets	1,138,156	236,314	201,394	1,575,864
Current assets				
Cash and cash equivalents	125,955	3,098	19,129	148,182
Other current assets	1,075,755	30,458	26,937	1,133,150
	1,201,710	33,556	46,066	1,281,332
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(10,141)	-	(27,282)	(37,423)
Other non-current liabilities	-	-	(250)	(250)
	(10,141)	-	(27,532)	(37,673)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(880,861)	(85,905)	(3,050)	(969,816)
Other current liabilities	(545,116)	(136,096)	(65,096)	(746,308)
	(1,425,977)	(222,001)	(68,146)	(1,716,124)
Non-controlling interests	(56,862)	-	-	(56,862)
Net assets	846,886	47,869	151,782	1,046,537

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 21. JOINT VENTURES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of financial position of the joint ventures are as follows (continued):

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>1 July 2014</u>				
Non-current assets	1,091,022	212,173	93,542	1,396,737
Current assets				
Cash and cash equivalents	155,163	710	6,937	162,810
Other current assets	1,048,894	37	20,111	1,069,042
	<u>1,204,057</u>	<u>747</u>	<u>27,048</u>	<u>1,231,852</u>
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(148,382)	(54,706)	(29,070)	(232,158)
Other non-current liabilities	(214,894)	-	-	(214,894)
	<u>(363,276)</u>	<u>(54,706)</u>	<u>(29,070)</u>	<u>(447,052)</u>
Current liabilities				
Financial liabilities (excluding trade and other payables)	(638,758)	-	(12,932)	(651,690)
Other current liabilities	(362,918)	(85,877)	(34,302)	(483,097)
	<u>(1,001,676)</u>	<u>(85,877)</u>	<u>(47,234)</u>	<u>(1,134,787)</u>
Non-controlling interests	(54,252)	-	-	(54,252)
Net assets	<u>875,875</u>	<u>72,337</u>	<u>44,286</u>	<u>992,498</u>

The summarised statements of financial position reflect the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures as well as post-acquisition changes to the fair value adjustment at acquisition date.

## SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 21. JOINT VENTURES (CONTINUED)

## (e) Reconciliations of summarised financial information

Reconciliations of the summarised financial information presented to the carrying amounts of the Group's interests in joint ventures are as follows:

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>30 June 2017</u>				
Net assets				
At 1 July 2016	952,480	24,153	147,944	1,124,577
Total comprehensive loss	(87,934)	(24,153)	(38,633)	(150,720)
Exchange differences	-	-	4,232	4,232
At 30 June 2017	<u>864,546</u>	<u>-</u>	<u>113,543</u>	<u>978,089</u>
Group's effective interest	50%	50%	30% - 51%	30% - 51%
Interests in joint venture	<u>432,273</u>	<u>-</u>	<u>47,402</u>	<u>479,675</u>
Carrying amount at end of the financial year	<u>432,273</u>	<u>-</u>	<u>47,402</u>	<u>479,675</u>

The Group has capped the recognition of its share of losses incurred by Emery Specialty Chemicals Sdn Bhd ("ESC") as the Group's interests in ESC had been reduced to zero during the financial year and the Group does not have any obligations or guarantee of any obligations on behalf of ESC. The Group's share of losses in ESC for the current financial year amounted to RM15.4 million, of which RM3.5 million had not been equity accounted for. As at 30 June 2017, the unrecognised amounts of the Group's share of losses in ESC is RM3.5 million.

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>30 June 2016</u>				
Net assets				
At 1 July 2015	846,886	47,869	151,782	1,046,537
Total comprehensive income/(loss)	105,594	(23,716)	(11,578)	70,300
Additional investment in existing joint venture	-	-	7,220	7,220
Exchange differences	-	-	520	520
At 30 June 2016	<u>952,480</u>	<u>24,153</u>	<u>147,944</u>	<u>1,124,577</u>
Group's effective interest	50%	50%	30% - 51%	30% - 51%
Interests in joint venture	<u>476,240</u>	<u>12,077</u>	<u>62,935</u>	<u>551,252</u>
Carrying amount at end of the financial year	<u>476,240</u>	<u>12,077</u>	<u>62,935</u>	<u>551,252</u>

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**21. JOINT VENTURES (CONTINUED)**

**(e) Reconciliations of summarised financial information (continued)**

Reconciliations of the summarised financial information presented to the carrying amounts of the Group's interests in joint ventures are as follows (continued):

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>30 June 2015</b>				
Net assets				
At 1 July 2014	875,875	72,337	44,286	992,498
Total comprehensive loss	(65,520)	(24,468)	(9,243)	(99,231)
Additional investment in existing joint venture	36,531	-	17,208	53,739
Retained interest subsequent to disposal of subsidiary (Note 44)	-	-	86,981	86,981
Exchange differences	-	-	12,550	12,550
<b>At 30 June 2015</b>	<b>846,886</b>	<b>47,869</b>	<b>151,782</b>	<b>1,046,537</b>
Group's effective interest	50%	50%	30% - 51%	30% - 51%
Interests in joint venture	423,443	23,935	64,462	511,840
Carrying amount at end of the financial year	423,443	23,935	64,462	511,840

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 22. ASSOCIATES

The Group's equity interest in the associates as at 30 June 2017, 30 June 2016, 30 June 2015 and 1 July 2014, their respective principal activities and countries of incorporation are shown in Note 53.

## (a) Share of results of associates

The Group's share of results of associates are as follows:

	GROUP		
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Share of results for the financial year	(5,929)	(6,706)	457

## (b) Investments in associates

The Group's and Company's investments in associates are as follows:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Unquoted shares, at cost	139,354	135,843	135,281	63,314
Share of post-acquisition reserves	(10,231)	(2,984)	6,160	6,393
	<u>129,123</u>	<u>132,859</u>	<u>141,441</u>	<u>69,707</u>
	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Unquoted shares, at cost	320	107,400	107,400	40,282

## (c) Material associates

Set out below are the associates of the Group as at 30 June 2017, 30 June 2016, 30 June 2015 and 1 July 2014, which, in the opinion of the Directors, are material to the Group.

Name of associates	Group's effective interest %	Place of business/Country of incorporation
Muang Mai Guthrie Public Company Limited	49	Thailand
Verdezyne, Inc.	36	United States of America

The Group's investments in associate companies are in private companies and there are no quoted market prices available for these shares.

There are no contingent liabilities in respect of the Group's interests in the associates.

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 22. ASSOCIATES (CONTINUED)

## (d) Summarised financial information

The summarised statements of comprehensive income of and dividends received from the associates are as follows:

	Muang Mai Guthrie Public Company Limited	Verdezyné, Inc.	Others	Total
	RM'000	RM'000	RM'000	RM'000
<b>2017</b>				
Revenue	127,906	-	90,777	218,683
Profit/(loss) before tax	12,796	(30,430)	(2,320)	(19,954)
Tax expense	(219)	-	(118)	(337)
Profit/(loss) for the financial year	12,577	(30,430)	(2,438)	(20,291)
Dividends received	(1,266)	-	(53)	(1,319)
<b>2016</b>				
Revenue	157,837	-	3,762	161,599
Profit/(loss) before tax	5,803	(24,371)	(995)	(19,563)
Tax expense	(576)	-	(87)	(663)
Profit/(loss) for the financial year	5,227	(24,371)	(1,082)	(20,226)
Dividends received	(2,326)	-	(113)	(2,439)
<b>2015</b>				
Revenue	137,242	-	2,149	139,391
Profit/(loss) before tax	1,397	(1,304)	782	875
Tax expense	(165)	-	(95)	(260)
Profit/(loss) for the financial year	1,232	(1,304)	687	615
Dividends received	(1,055)	-	(12)	(1,067)



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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 22. ASSOCIATES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of financial position of the associates are as below:

	Muang Mai Guthrie Public Company Limited	Verdezyne, Inc.	Others	Total
	RM'000	RM'000	RM'000	RM'000
<b>30 June 2017</b>				
Non-current assets	38,912	212,704	55,859	307,475
Current assets				
Cash and cash equivalents	625	13,489	4,873	18,987
Other current assets	60,451	5,730	13,127	79,308
	61,076	19,219	18,000	98,295
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	-	(143,513)	-	(143,513)
Other non-current liabilities	(584)	-	(33,237)	(33,821)
	(584)	(143,513)	(33,237)	(177,334)
Current liabilities				
Other current liabilities	(38,774)	(76,676)	(11,321)	(126,771)
Net assets	60,630	11,734	29,301	101,665
<b>30 June 2016</b>				
Non-current assets	30,572	125,545	48,908	205,025
Current assets				
Cash and cash equivalents	307	56,739	3,936	60,982
Other current assets	29,794	1,044	8,203	39,041
	30,101	57,783	12,139	100,023
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(457)	(111,994)	(26)	(112,477)
Other non-current liabilities	-	-	(31,694)	(31,694)
	(457)	(111,994)	(31,720)	(144,171)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(1,265)	(5,866)	(148)	(7,279)
Other current liabilities	(13,262)	(24,310)	(14)	(37,586)
	(14,527)	(30,176)	(162)	(44,865)
Net assets	45,689	41,158	29,165	116,012

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 22. ASSOCIATES (CONTINUED)

## (d) Summarised financial information (continued)

The summarised statements of financial position of the associates are as below (continued):

	Muang Mai Guthrie Public Company Limited	Verdezyne, Inc.	Others	Total
	RM'000	RM'000	RM'000	RM'000
<b>30 June 2015</b>				
Non-current assets	30,415	71,174	21,425	123,014
Current assets				
Cash and cash equivalents	422	4,360	7,790	12,572
Other current assets	38,474	11,189	1,189	50,852
	38,896	15,549	8,979	63,424
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(386)	(25,175)	(22)	(25,583)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(22,169)	(2,918)	-	(25,087)
Other current liabilities	(2,404)	(37,728)	(402)	(40,534)
	(24,573)	(40,646)	(402)	(65,621)
Net assets	44,352	20,902	29,980	95,234
<b>1 July 2014</b>				
Non-current assets	29,531	5,636	11,658	46,825
Current assets				
Cash and cash equivalents	847	31,833	13,471	46,151
Other current assets	28,025	236	1,260	29,521
	28,872	32,069	14,731	75,672
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	(297)	(15,975)	(22)	(16,294)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(16,714)	-	-	(16,714)
Other current liabilities	(1,379)	(3,898)	(272)	(5,549)
	(18,093)	(3,898)	(272)	(22,263)
Net assets	40,013	17,832	26,095	83,940

The above information reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates as well as post-acquisition changes to the fair value adjustments at the acquisition date.

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**22. ASSOCIATES (CONTINUED)**

(e) Reconciliations of summarised financial information

Reconciliations of the summarised financial information presented to the carrying amounts of the Group's interests in associates are as follows:

	Muang Mai Guthrie Public Company Limited	Verdezyne, Inc.	Others	Total
	RM'000	RM'000	RM'000	RM'000
<u>30 June 2017</u>				
Net assets				
At 1 July 2016	45,689	41,158	29,165	116,012
Total comprehensive income/(loss)	12,577	(30,430)	(2,438)	(20,291)
Increase in share capital	-	3,375	-	3,375
Dividends declared	(2,583)	-	(133)	(2,716)
Exchange differences	4,947	(2,369)	2,707	5,285
At 30 June 2017	<u>60,630</u>	<u>11,734</u>	<u>29,301</u>	<u>101,665</u>
Group's effective interest	49%	36.01%	32% - 40%	32% - 49%
Interests in associates	29,709	4,225	10,074	44,008
Goodwill	-	84,814	301	85,115
Carrying amount at end of the financial year	<u>29,709</u>	<u>89,039</u>	<u>10,375</u>	<u>129,123</u>
<u>30 June 2016</u>				
Net assets				
At 1 July 2015	44,352	20,902	29,980	95,234
Total comprehensive income/(loss)	5,227	(24,371)	(1,082)	(20,226)
Additional investments	-	43,671	-	43,671
Dividends declared	(4,747)	-	(281)	(5,028)
Exchange differences	857	956	548	2,361
At 30 June 2016	<u>45,689</u>	<u>41,158</u>	<u>29,165</u>	<u>116,012</u>
Group's effective interest	49%	36.35%	32% - 40%	32% - 49%
Interests in associates	22,388	14,961	11,514	48,863
Goodwill	-	83,695	301	83,996
Carrying amount at end of the financial year	<u>22,388</u>	<u>98,656</u>	<u>11,815</u>	<u>132,859</u>

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**22. ASSOCIATES (CONTINUED)**

(e) Reconciliations of summarised financial information (continued)

Reconciliations of the summarised financial information presented to the carrying amount of the Group's interest in associates are as follows (continued):

	Muang Mai Guthrie Public Company Limited	Verdezyne, Inc.	Others	Total
<u>30 June 2015</u>	RM'000	RM'000	RM'000	RM'000
Net assets				
At 1 July 2014	40,013	17,832	26,095	83,940
Total comprehensive income/(loss)	1,232	(1,304)	687	615
Additional investments	-	1,204	42	1,246
Dividends declared	(2,152)	-	(31)	(2,183)
Exchange differences	5,259	3,170	3,187	11,616
At 30 June 2015	<u>44,352</u>	<u>20,902</u>	<u>29,980</u>	<u>95,234</u>
Group's effective interest	49%	30%	32% - 40%	30% - 49%
Interests in associates	21,732	40,325*	11,816	73,873
Goodwill	-	67,267	301	67,568
Carrying amount at end of the financial year	<u>21,732</u>	<u>107,592</u>	<u>12,117</u>	<u>141,441</u>

\* The acquisition of a 30% equity stake in Verdezyne, Inc. for a total consideration of USD30 million was disbursed in 3 tranches. In the financial year ended 30 June 2015, interests in Verdezyne, Inc. consist of the accruals for the cost of investment of RM34.1 million (USD10 million) in relation to the third tranche as the conditions for the third tranche have been met.

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NOTES TO THE FINANCIAL STATEMENTS  
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23. INTANGIBLE ASSETS

	Goodwill RM'000	Assets usage rights RM'000	Intellectual property rights RM'000	Small holder relationship RM'000	Customer relationship RM'000	Software RM'000	Agriculture		Work-in-progress capitalised-		Acquired brand name/ trademark RM'000	Total RM'000
							development costs RM'000	costs RM'000	development costs RM'000	costs RM'000		
GROUP - 2017												
At 1 July 2016	2,083,743	1,145	16,800	590,190	6,750	19,097	-	83,970	44,668	2,846,363		
Additions	3,306	-	-	-	-	21,035	-	11,218	3,267	38,826		
Transfers to non-current assets held for sale (Note 32)	-	-	-	-	-	-	-	-	(1)	(1)		
Write-off	-	-	-	-	-	(55)	-	-	(2,111)	(2,166)		
Amortisation (Note 6(a))	-	(129)	(840)	(15,681)	(2,332)	(10,795)	(5,102)	-	(3,721)	(38,600)		
Reclassification	-	-	-	-	-	-	86,550	(86,550)	-	-		
Exchange differences	145,088	-	-	43,803	150	1,772	(39)	-	4,045	194,819		
At 30 June 2017	2,232,137	1,016	15,960	618,312	4,568	31,054	81,409	8,638	46,147	3,039,241		
Cost	2,237,660	1,927	16,800	647,494	10,545	175,163	86,497	8,638	75,049	3,259,773		
Accumulated amortisation	-	(911)	(840)	(29,182)	(5,977)	(140,610)	(5,088)	-	(26,573)	(209,181)		
Accumulated impairment losses	(5,523)	-	-	-	-	(3,499)	-	-	(2,329)	(11,351)		
Net book value as at 30 June 2017	2,232,137	1,016	15,960	618,312	4,568	31,054	81,409	8,638	46,147	3,039,241		

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**23. INTANGIBLE ASSETS (CONTINUED)**

	Goodwill RM'000	Assets usage rights RM'000	Intellectual property rights RM'000	Small holder relationship RM'000	Customer relationship RM'000	Software RM'000	Work-in-progress capitalised- agriculture development costs		Acquired brand name/ trademark RM'000	Total RM'000
							RM'000	RM'000		
<b>GROUP - 2016</b>										
At 1 July 2015	1,963,351	1,272	16,800	568,430	9,932	23,898	45,770	46,754	2,676,207	
Additions	-	-	-	-	-	2,657	38,200	90	40,947	
Transfers from property, plant and equipment (Note 16)	-	-	-	-	-	25	-	-	25	
Impairment losses (Note 6(e))	-	-	-	-	-	(205)	-	(2,810)	(3,015)	
Amortisation (Note 6(a))	-	(127)	-	(16,849)	(2,631)	(9,215)	-	(3,543)	(32,365)	
Exchange differences	120,392	-	-	38,609	(551)	1,937	-	4,177	164,564	
At 30 June 2016	2,083,743	1,145	16,800	590,190	6,750	19,097	83,970	44,668	2,846,363	
<b>Cost</b>										
Accumulated amortisation	2,089,266	1,927	16,800	606,759	10,395	134,567	83,970	69,580	3,013,264	
Accumulated impairment losses	(5,523)	(782)	-	(16,569)	(3,645)	(114,859)	-	(22,082)	(157,937)	
Net book value as at 30 June 2016	2,083,743	1,145	16,800	590,190	6,750	19,097	83,970	44,668	2,846,363	

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**23. INTANGIBLE ASSETS (CONTINUED)**

	Goodwill RM'000	Assets usage rights RM'000	Intellectual property rights RM'000	Small holder relationship RM'000	Customer relationship RM'000	Software RM'000	Work-in-progress capitalised- agriculture development costs RM'000	Acquired brand name/ trademark RM'000	Total RM'000
<b>GROUP - 2015</b>									
At 1 July 2014	607	1,401	-	-	-	30,826	20,603	1,609	55,046
Acquisition of subsidiaries	1,879,839	-	-	535,625	10,790	-	-	42,974	2,469,228
Additions	-	-	16,800	-	-	7,109	25,167	1,204	50,280
Transfers from property, plant and equipment (Note 16)	-	-	-	-	-	2,322	-	-	2,322
Disposals	-	-	-	-	-	(2)	-	-	(2)
Amortisation (Note 6(a))	-	(129)	-	-	(1,336)	(15,265)	-	(1,567)	(18,297)
Exchange differences	82,905	-	-	32,805	478	(1,092)	-	2,534	117,630
At 30 June 2015	1,963,351	1,272	16,800	568,430	9,932	23,898	45,770	46,754	2,676,207
Cost	1,968,874	1,928	16,800	568,430	11,268	128,832	45,770	66,854	2,808,756
Accumulated amortisation	-	(656)	-	-	(1,336)	(104,535)	-	(20,078)	(126,605)
Accumulated impairment losses	(5,523)	-	-	-	-	(399)	-	(22)	(5,944)
Net book value as at 30 June 2015	1,963,351	1,272	16,800	568,430	9,932	23,898	45,770	46,754	2,676,207
Cost	6,130	1,928	-	-	-	120,056	20,603	22,394	171,111
Accumulated amortisation	-	(527)	-	-	-	(88,878)	-	(19,813)	(109,218)
Accumulated impairment losses	(5,523)	-	-	-	-	(352)	-	(972)	(6,847)
Net book value as at 1 July 2014	607	1,401	-	-	-	30,826	20,603	1,609	55,046

Included in the additions of the Group's intangible assets during the financial year is borrowing costs capitalised of RM0.3 million (30 June 2016: RM3.2 million, 30 June 2015: RM1.4 million).

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**23. INTANGIBLE ASSETS (CONTINUED)**

	Goodwill	Intellectual property rights	Software	Agriculture development costs	Work-in- progress agriculture development costs	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>COMPANY - 2017</b>						
At 1 July 2016	1,974,805	16,800	8,117	-	83,970	2,083,692
Additions	3,306	-	2,045	-	6,989	12,340
Reclassification	-	-	-	82,321	(82,321)	-
Amortisation (Note 6(a))	-	(840)	(2,860)	(4,116)	-	(7,816)
At 30 June 2017	<u>1,978,111</u>	<u>15,960</u>	<u>7,302</u>	<u>78,205</u>	<u>8,638</u>	<u>2,088,216</u>
Cost	1,978,111	16,800	60,523	82,321	8,638	2,146,393
Accumulated amortisation	-	(840)	(53,221)	(4,116)	-	(58,177)
Net book value as at 30 June 2017	<u>1,978,111</u>	<u>15,960</u>	<u>7,302</u>	<u>78,205</u>	<u>8,638</u>	<u>2,088,216</u>
<b>COMPANY - 2016</b>						
At 1 July 2015	1,974,805	16,800	7,739	-	45,770	2,045,114
Additions	-	-	152	-	38,200	38,352
Transfers from property, plant and equipment (Note 16)	-	-	3,676	-	-	3,676
Amortisation (Note 6(a))	-	-	(3,450)	-	-	(3,450)
At 30 June 2016	<u>1,974,805</u>	<u>16,800</u>	<u>8,117</u>	<u>-</u>	<u>83,970</u>	<u>2,083,692</u>
Cost	1,974,805	16,800	58,478	-	83,970	2,134,053
Accumulated amortisation	-	-	(50,361)	-	-	(50,361)
Net book value as at 30 June 2016	<u>1,974,805</u>	<u>16,800</u>	<u>8,117</u>	<u>-</u>	<u>83,970</u>	<u>2,083,692</u>
<b>COMPANY - 2015</b>						
At 1 July 2014	1,974,805	-	8,253	-	20,603	2,003,661
Additions	-	16,800	1,537	-	25,167	43,504
Transfers from property, plant and equipment (Note 16)	-	-	2,322	-	-	2,322
Amortisation (Note 6(a))	-	-	(4,373)	-	-	(4,373)
At 30 June 2015	<u>1,974,805</u>	<u>16,800</u>	<u>7,739</u>	<u>-</u>	<u>45,770</u>	<u>2,045,114</u>
Cost	1,974,805	16,800	54,650	-	45,770	2,092,025
Accumulated amortisation	-	-	(46,911)	-	-	(46,911)
Net book value as at 30 June 2015	<u>1,974,805</u>	<u>16,800</u>	<u>7,739</u>	<u>-</u>	<u>45,770</u>	<u>2,045,114</u>
Cost	1,974,805	-	50,791	-	20,603	2,046,199
Accumulated amortisation	-	-	(42,538)	-	-	(42,538)
Net book value as at 1 July 2014	<u>1,974,805</u>	<u>-</u>	<u>8,253</u>	<u>-</u>	<u>20,603</u>	<u>2,003,661</u>

Included in the additions of the Company's intangible assets during the financial year is borrowing costs capitalised of RM0.3 million (30 June 2016: RM3.2 million, 30 June 2015: RM1.4 million).



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## 23. INTANGIBLE ASSETS (CONTINUED)

Goodwill

The goodwill in the Group's consolidated statements of financial position represents mainly the excess of the purchase consideration over the fair value of identifiable assets, liabilities and contingent liabilities recognised upon the Group's acquisition of New Britain Palm Oil Limited ("NBPOL") and its subsidiaries during the financial year ended 30 June 2015.

The Group carries out its annual impairment assessment on the goodwill arising from the acquisition of NBPOL, which for the purposes of impairment testing has been allocated to cash generating units ("CGU") within the Group, namely NBPOL CGU and PT Minamas Gemilang and its subsidiaries ("Minamas Group") as the Group believes that Minamas Group's operations will benefit from the additional synergies arising from the acquisition of NBPOL.

The impairment assessment is carried out on NBPOL CGU of USD367 million (equivalent to RM1,472.3 million as at 30 June 2016 and equivalent to RM1,575.7 million as at 30 June 2017) and Minamas Group CGU of USD150 million (equivalent to RM601.4 million as at 30 June 2016 and RM644.0 million as at 30 June 2017) in financial year ended 30 June 2016 and 30 June 2017 respectively.

The recoverable amounts of these two CGUs are based on their respective value-in-use calculations which are derived at using cash flows projection in which the following key assumptions are used:

<u>NBPOL CGU</u>	<u>30 June 2017</u>	<u>30 June 2016</u>
Projection period	A 39-year cash flow projection, based on the average remaining lease period of land in NBPOL	A 40-year cash flow projection, based on the average remaining lease period of land in NBPOL
FFB yields per hectare	24 - 32 mt/ha	24 - 32 mt/ha
Selling prices of crude palm oil ("CPO") per metric ton ("mt")	USD710 - USD947 per mt	USD660 - USD845 per mt
Discount rates	8.4% per annum	9.7% per annum

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## 23. INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

The recoverable amounts of these two CGUs are based on their respective value-in-use calculations which are derived at using cash flows projection in which the following key assumptions are used (continued):

<u>Minamas Group CGU</u>	<u>30 June 2017</u>	<u>30 June 2016</u>
Projection period	A 47-year cash flow projection, based on the average remaining lease period of land in Indonesia	A 48-year cash flow projection, based on the average remaining lease period of land in Indonesia
FFB yields per hectare	19 - 33 mt/ha	19 - 33 mt/ha
Selling prices of crude palm oil ("CPO") per metric ton ("mt")	USD617 – USD718 per mt	USD704 – USD800 per mt
Discount rates	9.5% per annum	10.0% per annum

The key assumptions used in the assessment are based on the Group's historical trends, actual past performances, forecast of macroeconomic conditions and internal assessments of the potential capabilities of the Group benchmarked against other industry comparables. The Group's impairment assessment of both CGUs outlined above included a sensitivity analysis on the key assumptions used. Based on the results of the sensitivity analysis, no reasonable change in the key assumptions used would result in an impairment charge during the financial years ended 30 June 2016 and 30 June 2017.

Management believes that no impairment charge is required on the goodwill as at 30 June 2016 and 30 June 2017 as the recoverable amount calculated based on value-in-use exceeded the carrying value of the goodwill of NBPOL and Minamas Group CGU by a significant margin.

The Company evaluates the recoverable amounts of the CGUs based on their value-in-use calculations using cash flow from financial budgets covering a five-year period and forecasted growth rates to extrapolate the cash flows in subsequent periods.

	<u>COMPANY</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Discount rates (%)	8.2	8.9	8.9
Forecast turnover growth (%)	4	5	2
CPO selling price (RM per MT)	2,550 - 2,700	2,430 - 2,650	2,260 - 2,400

Based on our assessment, no impairment charge is required on the goodwill as the recoverable amounts exceed the carrying value of the CGUs' assets and goodwill. The management believes that there is no reasonable possible change in any of the key assumptions used that would result in the carrying amount of the CGUs to materially exceed the recoverable amounts.

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**23. INTANGIBLE ASSETS (CONTINUED)**

Smallholder relationships

The smallholder relationships arose from the acquisition of a controlling interest in a subsidiary. These assets reflect the relationship between Group and smallholders who cultivate and harvest fresh fruit bunches ("FFB") on land which is owned by the Group. The FFB is subsequently purchased by the Group for processing as palm oil. These assets are initially recognised at fair value and thereafter amortised over the remaining lease term of the Group's land of 45 years.

Work-in-progress capitalised - agriculture development costs

Capitalised agriculture development costs comprise expenditure incurred relating to the development of oil palm genomic data and techniques, as well as clonal technology with the objective to increase yields and profit streams from the Group's plantation. Once the development enters into commercial production, the asset will be amortised over its estimated useful life.

During the financial year 30 June 2017, the Group had re-assessed the progress of the development projects and determined that distinct sections of the development project had been completed during the financial year hence commence amortisation on a straight-line basis over 5 to 20 years.

Intellectual property rights

In the financial year ended 30 June 2015, the Company acquired intellectual property rights ("IP rights") on the genome base data from a third party, Synamatix Sdn Bhd for RM16.8 million. During the financial year 30 June 2017, the Group had performed an annual impairment assessment on the recoverable amount of the asset. The recoverable amount was determined based on the discounted cash flows from the use of the IP rights. The key assumptions adopted in the value-in-use computation are as follows:

	<u>GROUP/COMPANY</u>	
	<u>2016</u>	<u>2015</u>
Annual discount rate	9.1%	10.0%
Annual replanting rate	5%	5%
Annual percentage of replanted areas using genome seeds	FY2018 - FY2020: 7%	FY2019: 25%
	FY2021: 33%	FY2020: 50%
	FY2022: 65%	FY2021: 75%
	Thereafter 100%	Thereafter 100%

Based on the value-in-use computation, no impairment charge is required on the intellectual property rights.

Subsequently, the Group had re-assessed the estimated useful life of the IP rights which resulted in a revision of the useful life from indefinite to finite life. As a result, the Group amortised the IP rights on a straight line basis, over a period of 20 years, commencing from 1 July 2016. The annual amortisation charge amounted to RM840,000.

Acquired brand names

This mainly consists of fair value of brands in relation to the Group's beef, sugar and seed production operations which arose from the acquisition of NBPOL. The brands are initially recognised at fair value and thereafter amortised on a straight line basis over the estimated useful lives of 20 years.

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## 24. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP			COMPANY		
	<u>2017</u> RM'000	<u>2016</u> RM'000	<u>2015</u> RM'000	<u>2017</u> RM'000	<u>2016</u> RM'000	<u>2015</u> RM'000
Non-current						
<u>Unquoted shares</u>						
At 1 July	109,004	89,001	79,658	18,723	17,644	27,968
Additions	-	-	22,703	-	-	-
Net change in fair value	(835)	18,940	(10,345)	8,010	1,079	(10,324)
Exchange differences	2,220	1,063	(3,015)	-	-	-
At 30 June	<u>110,389</u>	<u>109,004</u>	<u>89,001</u>	<u>26,733</u>	<u>18,723</u>	<u>17,644</u>
Current						
<u>Quoted shares, in Malaysia</u>						
At 1 July				13,705	14,207	20,449
Disposals				(12,557)	-	-
Net change in fair value				(1,148)	(502)	(6,242)
At 30 June				<u>-</u>	<u>13,705</u>	<u>14,207</u>

The unquoted non-current available-for-sale investments consist of three investments:

- (a) The Level 2 investment comprise the Group's investment in an investment property company. The value of the investment is measured based on the fair value less cost of disposal of its property, plant and equipment which is based on external valuation report carried out by independent valuers.
- (b) The Level 3 investments consist of:
  - (i) An investment in unquoted shares, whereby the fair value is determined using a valuation technique with reference made to quoted market prices for companies with similar business.
  - (ii) An investment in unquoted shares, whereby the fair value is deemed to approximate its cost.

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**25. DEFERRED TAX**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP				COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Deferred tax assets	640,812	580,060	152,867	151,773	-	-	-	-
Deferred tax liabilities	(2,595,657)	(2,482,075)	(2,420,167)	(742,521)	(618,453)	(520,303)	(476,946)	(413,629)
	<u>(1,954,845)</u>	<u>(1,902,015)</u>	<u>(2,267,300)</u>	<u>(590,748)</u>	<u>(618,453)</u>	<u>(520,303)</u>	<u>(476,946)</u>	<u>(413,629)</u>

The unutilised tax losses and deductible temporary differences for which no deferred tax assets are recognised in the consolidated financial statements are as follows:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Unutilised tax losses	448,559	582,210	527,417	609,440
Deductible temporary differences	22,876	10,496	10,801	22,853
	<u>471,435</u>	<u>592,706</u>	<u>538,218</u>	<u>632,293</u>

Deferred tax assets are not recognised by certain subsidiaries in respect of the above temporary differences as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised.

Unutilised tax losses amounting to RM411.6 million (30 June 2016: RM567.6 million, 30 June 2015: RM484.9 million, 1 July 2014: RM539.7 million) for which no deferred tax assets are recognised will expire within 1 to 20 years (30 June 2016: 1 to 9 years, 30 June 2015: 2 to 9 years, 1 July 2014: 1 to 9 years).

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**25. DEFERRED TAX (CONTINUED)**

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
At 1 July	(1,902,015)	(2,267,300)	(590,748)	(520,303)	(476,946)	(413,629)
(Charged)/credited to profit or loss (Note 12)						
- property, plant and equipment	(4,194)	322,908	(45,591)	(67,180)	(47,676)	(75,743)
- biological assets	(5,357)	4,932	(9,671)	(4,646)	3,915	124
- future tax on unrealised fair value adjustments	(88,209)	62,093	(33,944)	-	-	-
- unutilised tax losses	(12,041)	27,108	6,013	-	-	-
- retirement benefits	4,491	8,822	3,896	1,061	708	889
- impairments and provisions	92,711	(27,683)	27,443	(15,116)	(4,945)	9,299
- others	65,078	14,282	1,676	(4,181)	(2,835)	791
	52,479	412,462	(50,178)	(90,062)	(50,833)	(64,640)
(Charged)/credited to other comprehensive income (Note 15)	(11,326)	5,332	5,746	(8,088)	7,476	1,323
Transfers to non-current assets held for sale (Note 32)	(12,743)	-	-	-	-	-
Acquisition of subsidiaries	-	-	(1,537,307)	-	-	-
Exchange differences	(81,240)	(52,509)	(94,813)	-	-	-
At 30 June	(1,954,845)	(1,902,015)	(2,267,300)	(618,453)	(520,303)	(476,946)

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**25. DEFERRED TAX (CONTINUED)**

	GROUP					COMPANY		
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Deferred tax assets (before offsetting)								
- unutilised tax losses	208,867	228,337	52,511	36,609	-	-	-	-
- retirement benefits	50,261	51,150	42,326	36,584	11,376	10,315	9,607	8,718
- impairments and provisions	217,666	153,535	179,442	74,455	50,820	65,936	70,881	61,582
- redeemable loan stocks	14,293	15,929	19,659	19,659	-	-	-	-
- others	219,462	167,507	151,353	141,702	-	6,788	2,126	-
	710,549	616,458	445,291	309,009	62,196	83,039	82,614	70,300
Offsetting	(69,737)	(36,398)	(292,424)	(157,236)	(62,196)	(83,039)	(82,614)	(70,300)
Deferred tax assets (after offsetting)	640,812	580,060	152,867	151,773	-	-	-	-
Deferred tax liabilities (before offsetting)								
- property, plant and equipment	(2,113,085)	(1,941,242)	(2,099,892)	(654,365)	(661,915)	(594,735)	(547,059)	(471,316)
- biological assets	(43,425)	(31,029)	(34,774)	(24,172)	(13,099)	(8,453)	(12,368)	(12,492)
- intangible assets	(231,365)	(238,612)	(239,536)	-	-	-	-	-
- agricultural produce	-	-	(114,043)	-	-	-	-	-
- future tax on unrealised fair value adjustments	(246,383)	(210,900)	(178,534)	(219,704)	-	-	-	-
- others	(31,136)	(96,690)	(45,812)	(1,516)	(5,635)	(154)	(133)	(121)
	(2,665,394)	(2,518,473)	(2,712,591)	(899,757)	(680,649)	(603,342)	(559,560)	(483,929)
Offsetting	69,737	36,398	292,424	157,236	62,196	83,039	82,614	70,300
Deferred tax liabilities (after offsetting)	(2,595,657)	(2,482,075)	(2,420,167)	(742,521)	(618,453)	(520,303)	(476,946)	(413,629)

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries and joint ventures where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM918 million (30 June 2016: RM482 million, 30 June 2015: RM397 million, 1 July 2014: RM359 million) would have been payable.

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## NOTES TO THE FINANCIAL STATEMENTS

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## 26. TAX RECOVERABLE

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current	332,700	407,016	334,173	238,335
Current	385,161	47,678	83,099	28,950
	<u>717,861</u>	<u>454,694</u>	<u>417,272</u>	<u>267,285</u>
	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Current	-	29,289	55,934	22,155

The non-current tax recoverable includes additional tax assessments paid and withholding taxes, which would normally take more than a year to resolve with the relevant tax authorities.

## 27. TRADE AND OTHER RECEIVABLES

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current				
Advances for plasma plantation projects (Note 27(a))	106,451	110,581	84,032	83,754
Redeemable loan stocks (Note 27(b))	-	304,341	284,430	265,823
Convertible notes of an associate	-	17,444	-	-
	<u>106,451</u>	<u>432,366</u>	<u>368,462</u>	<u>349,577</u>
Accumulated impairment losses:				
Advances for plasma plantation projects (Note 27(a))	(23,649)	(19,754)	(16,076)	(13,876)
	<u>82,802</u>	<u>412,612</u>	<u>352,386</u>	<u>335,701</u>
Current				
Trade receivables	1,539,530	1,434,162	1,670,195	1,446,426
Other receivables	186,379	283,791	272,290	135,023
Redeemable loan stocks (Note 27(b))	325,645	-	-	-
Convertible notes of an associate	69,405	-	-	-
Goods and services tax/value added tax receivable	144,219	305,713	242,071	102,792
Prepayments	267,831	196,410	226,559	58,643
Deposits	36,042	33,262	81,644	27,590
Amounts due from associates	1,859	11,535	1,361	90
Amounts due from joint ventures	31,022	38,555	33,775	17,390
Interest receivable	1,531	3,122	506	25
	<u>2,603,463</u>	<u>2,306,550</u>	<u>2,528,401</u>	<u>1,787,979</u>
Accumulated impairment losses:				
Trade receivables	(42,949)	(30,179)	(10,553)	(11,585)
Other receivables	(2,388)	(1,422)	(34,065)	(1,043)
	<u>(45,337)</u>	<u>(31,601)</u>	<u>(44,618)</u>	<u>(12,628)</u>
	<u>2,558,126</u>	<u>2,274,949</u>	<u>2,483,783</u>	<u>1,775,351</u>



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## 27. TRADE AND OTHER RECEIVABLES (CONTINUED)

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Current				
Trade receivables	268,854	226,191	190,943	365,111
Other receivables	14,452	25,823	28,160	27,108
Prepayments	21,726	14,571	19,132	27,896
Deposits	6,618	6,536	6,481	6,071
Amounts due from associates	197	106	141	90
Amounts due from joint ventures	26,677	33,858	33,775	17,390
	<u>338,524</u>	<u>307,085</u>	<u>278,632</u>	<u>443,666</u>
Accumulated impairment losses:				
Trade receivables	(3,470)	(784)	(778)	(778)
Other receivables	(436)	(412)	(473)	(210)
	<u>(3,906)</u>	<u>(1,196)</u>	<u>(1,251)</u>	<u>(988)</u>
	<u>334,618</u>	<u>305,889</u>	<u>277,381</u>	<u>442,678</u>

Credit terms for trade receivables of the Group and of the Company range from 7 to 120 days (30 June 2016: 7 to 120 days, 30 June 2015: 7 to 120 days, 1 July 2014: 1 to 120 days).

The amounts due from associates and joint ventures are trade in nature, unsecured, interest free and repayable within 30 days (30 June 2016: 30 days, 30 June 2015: 30 days, 1 July 2014: 30 days).

As at 30 June 2017, trade and other receivables with a total carrying amount of RM39 million (30 June 2016: RM173 million, 30 June 2015 and 1 July 2014: RM Nil) were pledged as security for borrowings (see Note 39).

The Group's and Company's concentration of credit risk are disclosed in Note 50(c)(iii).

The currency exposure profile is disclosed in Note 50(c)(i).

## (a) Advances for plasma plantation projects (non-current)

	Perusahaan Inti Rakyat Transmigrasi			Kredit Koperasi Primer untuk Anggotanya		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Gross:						
At 1 July	35,243	34,058	52,529	75,338	49,974	31,225
Additions	11,930	1,961	4,236	21,807	21,454	16,624
Recovered	(2,106)	(119)	(19,290)	(22,138)	-	-
Transfers to property, plant and equipment (Note 16)	(1,839)	(3,215)	(5,724)	-	-	-
Transfers to non-current assets held for sale	(17,898)	-	-	-	-	-
Exchange differences	1,967	2,558	2,307	4,147	3,910	2,125
At 30 June	<u>27,297</u>	<u>35,243</u>	<u>34,058</u>	<u>79,154</u>	<u>75,338</u>	<u>49,974</u>

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## 27. TRADE AND OTHER RECEIVABLES (CONTINUED)

## (a) Advances for plasma plantation projects (non-current) (continued):

	Perusahaan Inti Rakyat Transmigrasi			Kredit Koperasi Primer untuk Anggotanya		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Accumulated impairment losses:						
At 1 July	11,660	11,718	11,204	8,094	4,358	2,672
Charge for the financial year	975	-	377	3,167	4,068	1,558
Reversals for the financial year	-	(936)	(468)	(620)	(683)	(56)
Transfers to non-current assets held for sale	(706)	-	-	-	-	-
Exchange differences	641	878	605	438	351	184
At 30 June	12,570	11,660	11,718	11,079	8,094	4,358
Net book value at 30 June	14,727	23,583	22,340	68,075	67,244	45,616

In Indonesia, oil palm plantation owners/operators are required to participate in selected programs to develop plantations for smallholders (herein referred to as "plasma farmers"). The Group is involved in "Perusahaan Inti Rakyat Transmigrasi" and "Kredit Koperasi Primer untuk Anggotanya" ("KKPA") which requires the Group to serve as a contractor for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches harvested by plasma farmers at the prevailing prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion of the plasma plantation projects, either from the plasma farmers directly or through the assignment to plasma farmers of the loans obtained for the projects. Impairment losses are made when the estimated recoverable amounts are less than the outstanding advances.

## (b) Redeemable loan stocks (unsecured)

	GROUP		
	2017 RM'000	2016 RM'000	2015 RM'000
Nominal value	500,000	500,000	500,000
Discount on inception	(334,000)	(334,000)	(334,000)
	166,000	166,000	166,000
Accretion of discount:			
At 1 July	138,341	118,430	99,823
Accretion during the financial year (Note 9)	21,304	19,911	18,607
At 30 June	159,645	138,341	118,430
Net book value at 30 June	325,645	304,341	284,430

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**27. TRADE AND OTHER RECEIVABLES (CONTINUED)**

(b) Redeemable loan stocks (unsecured) (continued):

The redeemable loan stocks have the following maturity periods:

	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	GROUP 1 July 2014 RM'000
<u>Non-current</u>				
Due later than one year	-	304,341	284,430	265,823
<u>Current</u>				
Due not later than one year	325,645	-	-	-
Net book value	<u>325,645</u>	<u>304,341</u>	<u>284,430</u>	<u>265,823</u>

On 23 July 2007, the Group disposed of its investment in Guthrie Corridor Expressway Sdn Bhd ("GCE") (now known as Prolintas Expressway Sdn Bhd). Following the disposal, the former advances from Kumpulan Jelei Sdn Bhd ("KJSB"), a subsidiary of SDP, to GCE were partially repaid in cash and the remaining outstanding balances were converted into non-transferable zero coupon Redeemable Loan Stocks ("RLS").

On inception, the RLS were discounted to its net present value based on the traffic projections of the GCE Expressway approved by the Directors covering the 33-year concession period ending 2036, at a discount rate of 7% per annum. The discount rate represents GCE's effective cost of borrowings.

Unless redeemed at an earlier date, either wholly or partially, at the fair value to be agreed by KJSB and GCE, the RLS shall be redeemed at 100% of its nominal value in cash as follows:

	<u>Redemption date</u>	RM'000
1st tranche	1 July 2022	256,000
2nd tranche	1 July 2023	50,000
3rd tranche	1 July 2024	50,000
4th tranche	1 July 2025	50,000
5th tranche	1 July 2026	50,000
6th tranche	1 July 2027	44,000
		<u>500,000</u>

On 20 June 2017, the Board of Directors of the Company approved the proposal to engage the issuer for an early redemption of the RLS at its carrying amount as at redemption date. The Group is in the midst of discussion with the issuer for the proposed early redemption of the RLS. The redemption is expected to occur within the next twelve months.

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**27. TRADE AND OTHER RECEIVABLES (CONTINUED)**

- (c) Individual gross current receivables (excluding prepayments and goods and services tax/value added tax receivables) are categorised into impaired and not impaired as follows:

	GROUP			
	30 June <u>2017</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2015</u> RM'000	1 July <u>2014</u> RM'000
Not impaired				
- not past due	1,269,158	1,071,023	1,263,950	1,128,670
- past due by				
1 to 30 days	591,304	332,658	439,848	339,342
31 to 60 days	123,752	109,225	101,564	72,474
61 to 90 days	27,752	40,080	36,992	19,335
91 to 180 days	17,001	61,276	42,739	32,320
More than 181 days	117,109	158,564	130,060	21,775
Impaired	45,337	31,601	44,618	12,628
Net book value	<u>2,191,413</u>	<u>1,804,427</u>	<u>2,059,771</u>	<u>1,626,544</u>

  

	COMPANY			
	30 June <u>2017</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2015</u> RM'000	1 July <u>2014</u> RM'000
Not impaired				
- not past due	103,581	102,313	152,103	405,352
- past due by				
1 to 30 days	167,549	165,883	84,430	7,638
31 to 60 days	11,769	8,618	12,540	140
61 to 90 days	3,503	1,669	3,313	1,403
91 to 180 days	5,729	968	2,963	249
More than 181 days	20,761	11,867	2,900	-
Impaired	3,906	1,196	1,251	988
Net book value	<u>316,798</u>	<u>292,514</u>	<u>259,500</u>	<u>415,770</u>

The trade and other receivables that are neither past due nor individually impaired are credit worthy debtors with good payment records with the Group.

Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

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## 27. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) Individual gross current debtors (excluding prepayments and goods and services tax/value added tax receivables) are categorised into impaired and not impaired as follows (continued):

The ageing analysis of individually impaired receivables are as follows:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Past due by				
1 to 30 days	340	651	436	85
31 to 60 days	1	17	1	18
61 to 90 days	1	4	16	-
91 to 180 days	731	271	291	-
More than 181 days	44,264	30,658	43,874	12,525
	<u>45,337</u>	<u>31,601</u>	<u>44,618</u>	<u>12,628</u>
	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Past due by				
1 to 30 days	26	359	427	85
31 to 60 days	36	17	1	18
61 to 90 days	19	4	16	-
91 to 180 days	-	15	15	-
More than 181 days	3,825	801	792	885
	<u>3,906</u>	<u>1,196</u>	<u>1,251</u>	<u>988</u>

The individually impaired trade and other receivable balances past due by more than 30 days are mainly related to customers in financial difficulties and had defaulted on payments. These receivables are not secured by any collateral.

The credit risk management objectives, policy and exposure are described in Note 50(c)(iii).

Movements of impairment losses (excluding advances for plasma plantation projects) are as follows:

	GROUP		
	2017 RM'000	2016 RM'000	2015 RM'000
At 1 July	31,601	44,618	12,628
Acquisition of subsidiary	-	-	32,503
Charge for the financial year	8,745	5,704	459
Write offs	(974)	(2,417)	(2,114)
Reversal for the financial year	-	(18,022)	-
Exchange differences	5,965	1,718	1,142
At 30 June	<u>45,337</u>	<u>31,601</u>	<u>44,618</u>
Impairment arising from:			
- individual assessment	<u>45,337</u>	<u>31,601</u>	<u>44,618</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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## 27. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) Individual gross current debtors (excluding prepayments and goods and services tax/value added tax receivables) are categorised into impaired and not impaired as follows (continued):

Movements of impairment losses (excluding advances for plasma plantation projects) are as follows (continued):

	COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
At 1 July	1,196	1,251	988
Charge for the financial year (Note 6(e))	2,710	6	263
Reversal for the financial year	-	(61)	-
At 30 June	3,906	1,196	1,251
Impairment arising from:			
- individual assessment	3,906	1,196	1,251

## 28. INVENTORIES

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Produce inventories:				
- palm oil products	370,283	355,335	367,526	207,345
- sugar stocks	28,150	24,130	33,152	-
- rubber	4,186	5,233	5,507	-
Trading inventories	17,462	26,508	6,530	2,648
Raw materials and consumable stores	753,853	831,032	669,662	285,639
Refined inventories:				
- work-in-progress	258,481	184,583	185,719	147,609
- finished goods	89,393	78,135	72,810	73,673
	1,521,808	1,504,956	1,340,906	716,914
	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Produce inventories:				
- palm oil products	27,385	9,948	12,865	141,061
- rubber	4,186	5,233	5,507	-
Raw materials and consumable stores	35,125	41,139	58,787	26,927
Refined inventories:				
- work-in-progress	47,094	38,450	74,837	-
- finished goods	15,541	32,164	15,022	-
	129,331	126,934	167,018	167,988

The carrying amounts of inventories of the Group of RM67.0 million (30 June 2016: RM141.0 million, 30 June 2015: RM186.0 million, 1 July 2014: RM70.6 million) and the Company amounting to RM3.4 million (30 June 2016, 30 June 2015 and 1 July 2014: RM Nil) are stated at net realisable value.

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**29. AMOUNTS DUE (TO)/FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND FELLOW SUBSIDIARIES**

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
<b>Non-current</b>				
Amounts due to fellow subsidiaries				
- interest bearing	-	(7,477,346)	(700,000)	(1,175,537)
<b>Current</b>				
Amounts due from fellow subsidiaries				
- non-interest bearing	43,031	76,244	227,829	231,786
Amount due to immediate holding company				
- non-interest bearing	(145,392)	(705,759)	(395,246)	(647,970)
Amounts due to fellow subsidiaries				
- interest bearing	(1,291,944)	-	(7,508,618)	(3,824,949)
- non-interest bearing	(149,579)	(101,835)	-	-
				<b>COMPANY</b>
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
<b>Non-current</b>				
Amounts due from subsidiaries				
- interest bearing	76,903	77,138	93,050	580,950
- non-interest bearing	25,761	24,088	22,702	-
Amounts due to a fellow subsidiary				
- interest bearing	-	(7,477,346)	(700,000)	(700,000)
Amounts due to a subsidiary				
- interest bearing	(525,958)	-	-	-
<b>Current</b>				
Amounts due from subsidiaries				
- interest bearing	153,989	231,320	345,440	9,729
- non-interest bearing	377,848	262,049	961,931	474,198
Amounts due from fellow subsidiaries				
- non-interest bearing	2,226	386	207,440	231,562
Amount due to immediate holding company				
- non-interest bearing	(145,392)	(705,759)	(395,748)	(647,970)

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## 29. AMOUNTS DUE (TO)/FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND FELLOW SUBSIDIARIES (CONTINUED)

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Current (continued)				
Amounts due to subsidiaries				
- interest bearing	(216,721)	-	-	-
- non-interest bearing	(407,922)	(320,915)	(278,994)	(506,778)
Amounts due to fellow subsidiaries				
- interest bearing	(1,291,944)	-	(7,490,784)	(3,551,008)
- non-interest bearing	(131,896)	(83,591)	-	-
				GROUP
<u>Interest rates per annum</u>	%	%	%	%
Non-current				
Amounts due to fellow subsidiaries	-	4.25 - 5.28	4.25 - 5.11	0.71 - 4.71
Current				
Amounts due to fellow subsidiaries	4.25 - 4.91	-	4.25 - 5.11	4.10 - 4.71
				COMPANY
<u>Interest rates per annum</u>	%	%	%	%
Non-current				
Amounts due from subsidiaries	4.19 - 4.31	4.39 - 4.69	4.27 - 4.56	3.95 - 4.10
Amount due to a fellow subsidiary	-	4.25 - 5.28	4.25 - 5.11	4.10 - 4.71
Amounts due to a subsidiary	3.29	-	-	-
Current				
Amounts due from subsidiaries	4.02 - 4.31	4.02 - 4.69	4.02 - 4.56	3.45 - 4.18
Amounts due to subsidiaries	2.05	-	-	-
Amount due to a fellow subsidiary	4.25 - 4.91	-	4.25 - 5.11	4.10 - 4.71

As at 30 June 2015, the interest bearing amount due to a fellow subsidiary was repayable on demand whilst interest is chargeable at a floating rate.

As at 30 June 2016, the terms of this floating rate interest bearing amount due to a fellow subsidiary were revised. This was classified as non-current as the Group is contractually not required to repay the amounts due for at least 12 months from the statement of financial position date based on the revised terms.

As at 30 June 2017, as part of the internal restructuring exercise as set out in Note 1, the terms of the floating rate interest bearing amount due to the fellow subsidiary amounting to RM1.29 billion were revised. This amount was classified as current as the Group is now required to repay the outstanding balance within the next twelve months. The non-cash transactions as set out in Note 49(e) were entered during the financial year ended 30 June 2017 as a settlement against the amount due to this fellow subsidiary.



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**29. AMOUNTS DUE (TO)/FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND FELLOW SUBSIDIARIES (CONTINUED)**

Other than the amounts due to subsidiary and fellow subsidiaries which are charged interest at the rates indicated above, all other amounts due (to)/from the immediate holding company, subsidiaries and fellow subsidiaries are interest free.

The amounts due (to)/from immediate holding company, subsidiaries and fellow subsidiaries are unsecured whilst the non-current amounts are payable after twelve months and all current amounts are repayable on demand. The amounts due from fellow subsidiaries are neither past due nor impaired.

The currency exposure profile is disclosed in Note 50(c)(i).

Breakdown of intercompany balances and accumulated impairment losses are as follows:

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Amounts due from subsidiaries (Gross)	763,054	721,707	1,591,125	809,553
Accumulated impairment for intercompany balances	(231,217)	(228,338)	(283,754)	(325,626)
Amounts due from subsidiaries (Net)	<u>531,837</u>	<u>493,369</u>	<u>1,307,371</u>	<u>483,927</u>

Movements of impairment losses for intercompany balances are as follows:

	COMPANY			
	2017 RM'000	2016 RM'000	2015 RM'000	
At 1 July		228,338	283,754	325,626
Charge for the financial year (Note 6(e))		3,433	8,803	-
Reversal for the financial year (Note 7)		(651)	(906)	-
Reclassified from/(to) investment in subsidiaries on capitalisation of the impaired balance (Note 20)		97	(63,313)	(41,872)
At 30 June		<u>231,217</u>	<u>228,338</u>	<u>283,754</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**30. DERIVATIVES**

The Group's and Company's derivatives are as follows:

	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>GROUP - 30 June 2017</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	897,851	7,722	(9,231)
- interest rate swap contracts	1,502,725	297	(1,563)
	<u>2,400,576</u>	<u>8,019</u>	<u>(10,794)</u>
Non-hedging derivatives:			
- forward foreign exchange contracts	494,886	6,029	(8,768)
- commodities futures contracts	914,087	42,136	(8,170)
	<u>1,408,973</u>	<u>48,165</u>	<u>(16,938)</u>
	<u>3,809,549</u>	<u>56,184</u>	<u>(27,732)</u>
<b>GROUP - 30 June 2016</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	522,365	6,992	(2,337)
- interest rate swap contracts	1,405,163	-	(40,268)
	<u>1,927,528</u>	<u>6,992</u>	<u>(42,605)</u>
Non-hedging derivatives:			
- forward foreign exchange contracts	47,464	778	(593)
- commodities futures contracts	354,659	16,354	(6,113)
	<u>402,123</u>	<u>17,132</u>	<u>(6,706)</u>
	<u>2,329,651</u>	<u>24,124</u>	<u>(49,311)</u>
<b>GROUP - 30 June 2015</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	575,543	358	(17,214)
Non-hedging derivatives:			
- forward foreign exchange contracts	44,626	-	(3,291)
- commodities futures contracts	627,814	12,710	(8,631)
- interest rate swap contracts	1,040,531	-	(2,396)
	<u>1,712,971</u>	<u>12,710</u>	<u>(14,318)</u>
	<u>2,288,514</u>	<u>13,068</u>	<u>(31,532)</u>

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30. DERIVATIVES (CONTINUED)

	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>GROUP - 1 July 2014</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	350,430	1,490	(162)
Non-hedging derivatives:			
- forward foreign exchange contracts	220,217	3,675	(271)
- commodities futures contracts	190,629	5,195	(5,074)
	<u>410,846</u>	<u>8,870</u>	<u>(5,345)</u>
	<u>761,276</u>	<u>10,360</u>	<u>(5,507)</u>
<b>COMPANY - 30 June 2017</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	140,526	488	(519)
- interest rate swap contracts	1,502,725	297	(1,563)
	<u>1,643,251</u>	<u>785</u>	<u>(2,082)</u>
Non-hedging derivatives:			
- forward foreign exchange contracts	54,197	2,300	(318)
- commodities futures contracts	471,385	26,292	(2,697)
	<u>525,582</u>	<u>28,592</u>	<u>(3,015)</u>
	<u>2,168,833</u>	<u>29,377</u>	<u>(5,097)</u>
<b>COMPANY - 30 June 2016</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	221,650	2,728	(1,032)
- interest rate swap contracts	1,405,163	-	(40,268)
	<u>1,626,813</u>	<u>2,728</u>	<u>(41,300)</u>
Non-hedging derivatives:			
- forward foreign exchange contracts	45,198	778	(593)
- commodities futures contracts	292,059	14,463	(4,362)
	<u>337,257</u>	<u>15,241</u>	<u>(4,955)</u>
	<u>1,964,070</u>	<u>17,969</u>	<u>(46,255)</u>

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**30. DERIVATIVES (CONTINUED)**

	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
<b>COMPANY - 30 June 2015</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	173,627	-	(6,879)
Non-hedging derivatives:			
- forward foreign exchange contracts	67,679	1,808	(3,291)
- commodities futures contracts	96,532	2,952	(353)
- interest rate swap contracts	1,040,531	-	(2,396)
	<u>1,204,742</u>	<u>4,760</u>	<u>(6,040)</u>
	<u>1,378,369</u>	<u>4,760</u>	<u>(12,919)</u>
<b>COMPANY - 1 July 2014</b>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	251,739	3,164	(8)
Non-hedging derivatives:			
- commodities futures contracts	38,484	45	(1,203)
	<u>290,223</u>	<u>3,209</u>	<u>(1,211)</u>

The Group and the Company have forward foreign exchange contracts in place with a notional value that are designated and effected as cash flow hedge. These contracts are expected to cover the Group's exposures ranging from one month to twelve months (30 June 2016: one month to twelve months, 30 June 2015: one month to twelve months, 1 July 2014: one month to twelve months) and the Company's exposures ranging from five months to six months (30 June 2016: one month to twelve months, 30 June 2015: one month to ten months, 1 July 2014: five months to seven months).

The interest rate swap contracts require settlement of net interest receivable or payable every 6 months. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis.

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**30. DERIVATIVES (CONTINUED)**

These derivatives are entered into to hedge certain risks as described in Note 50(c). Whilst all derivatives entered into provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in MFRS 139.

**(a) Forward foreign exchange contracts**

As at end of the financial year, forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

	Within 1 year			
	30 June <u>2017</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2015</u> RM'000	1 July <u>2014</u> RM'000
<b>GROUP</b>				
Forward contracts used to hedge anticipated sales				
- United States dollar	334,877	68,954	87,667	8,403
- European Union euro	11,862	8,656	23,999	-
- United Kingdom pound	17,792	-	-	-
Forward contracts used to hedge receivables				
- United States dollar	442,248	333,031	414,894	544,005
- European Union euro	4,411	64,408	33,110	16,940
- United Kingdom pound	5,761	14,301	-	-
Forward contracts used to hedge anticipated purchases				
- United States dollar	558,758	-	-	1,299
- European Union euro	13,357	-	-	-
Forward contracts used to hedge payables				
- United States dollar	3,671	80,479	60,499	-
	<u>1,392,737</u>	<u>569,829</u>	<u>620,169</u>	<u>570,647</u>
<b>COMPANY</b>				
Forward contracts used to hedge anticipated sales				
- United States dollar	52,602	37,355	76,011	-
- European Union euro	27	8,152	23,999	-
Forward contracts used to hedge receivables				
- United States dollar	137,683	156,933	87,454	251,739
- European Union euro	4,411	64,408	30,789	-
Forward contracts used to hedge payables				
- United States dollar	-	-	23,053	-
	<u>194,723</u>	<u>266,848</u>	<u>241,306</u>	<u>251,739</u>

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**30. DERIVATIVES (CONTINUED)**

**(b) Commodities futures contracts**

As at end of the financial year, the notional amounts and maturity of commodities futures contracts that are not held for the purpose of physical delivery are as follows:

	Within 1 year			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
<b>GROUP</b>				
Commodities contracts - buying				
- Ringgit Malaysia	220,331	141,556	75,216	41,248
- United States dollar	177,579	33,087	264,661	80,033
Commodities contracts - selling				
- Ringgit Malaysia	256,756	163,136	50,284	4,771
- United States dollar	259,421	16,394	237,653	64,577
- European Union euro	-	486	-	-
	<u>914,087</u>	<u>354,659</u>	<u>627,814</u>	<u>190,629</u>
<b>COMPANY</b>				
Commodities contracts - buying				
- Ringgit Malaysia	216,027	128,923	75,216	38,484
Commodities contracts - selling				
- Ringgit Malaysia	255,358	163,136	21,316	-
	<u>471,385</u>	<u>292,059</u>	<u>96,532</u>	<u>38,484</u>

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30. DERIVATIVES (CONTINUED)

(c) Interest rate swap contracts

As at the end of the financial year, the notional amounts and terms of the interest rate swap contracts for the Group and Company are as follows:

Type of interest rate swap	Effective period	Range of weighted average rate per annum		Notional amount in original currency (USD'000)		
		With swap	Without swap	2017	2016	2015
Plain Vanilla	17 February 2017 to 17 August 2017	1.89	2.44	75,000	-	-
Plain Vanilla	17 February 2017 to 17 August 2017	1.84	2.44	75,000	-	-
Plain Vanilla	17 February 2017 to 17 August 2017	1.75	2.44	50,000	-	-
Plain Vanilla	17 February 2017 to 17 August 2017	1.78	2.44	75,000	-	-
Plain Vanilla	17 February 2017 to 17 August 2017	1.78	2.44	75,000	-	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.89	1.96	-	75,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.84	1.96	-	75,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.75	1.96	-	50,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.78	1.96	-	75,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.78	1.96	-	75,000	-

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

## 30. DERIVATIVES (CONTINUED)

## (c) Interest rate swap contracts (continued)

As at the end of the financial year, the notional amounts and terms of the interest rate swap contracts for the Group and Company are as follows (continued):

Type of interest rate swap	Effective period	Range of weighted average rate per annum		Notional amount in original currency (USD'000)		
		With swap	Without swap	2017	2016	2015
Plain Vanilla	11 June 2015 to 11 August 2015	1.89	1.48	-	-	75,000
Plain Vanilla	15 June 2015 to 17 August 2015	1.84	1.48	-	-	75,000
Plain Vanilla	19 June 2015 to 17 August 2015	1.75	1.48	-	-	50,000
Plain Vanilla	30 June 2015 to 17 August 2015	1.78	1.48	-	-	75,000

The notional amount, fair value and maturity periods of the interest rate swap contracts are as follows:

	GROUP/COMPANY			
	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Notional amount				
Maturity periods:				
- due not later than one year	1,502,725	1,405,163	1,040,531	-
Fair value liabilities				
Maturity periods:				
- due not later than one year	(1,266)	(40,268)	(2,396)	-



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**31. BANK BALANCES, DEPOSITS AND CASH**

	GROUP			
	30 June <u>2017</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2015</u> RM'000	1 July <u>2014</u> RM'000
Deposits with licensed banks	167,684	171,004	545,047	814,975
Cash at bank and in hand	545,764	465,336	557,368	374,335
	<u>713,448</u>	<u>636,340</u>	<u>1,102,415</u>	<u>1,189,310</u>

Effective annual interest rates applicable during the financial year are as follows:

	%	%	%	%
Deposits with licensed banks	<u>3.52</u>	<u>4.22</u>	<u>4.48</u>	<u>4.23</u>

The maturity period for deposits with licensed banks of the Group range from 1 to 34 days (30 June 2016: 1 to 61 days, 30 June 2015: 1 to 92 days, 1 July 2014: 1 to 63 days).

	COMPANY			
	30 June <u>2017</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2015</u> RM'000	1 July <u>2014</u> RM'000
Deposits with licensed banks	880	1,104	11,776	45,609
Cash at bank	103,048	5,813	31,380	100,928
Cash in hand	225	219	215	400
	<u>104,153</u>	<u>7,136</u>	<u>43,371</u>	<u>146,937</u>

Effective annual interest rates applicable during the year are as follows:

	%	%	%	%
Deposits with licensed banks	<u>1.92</u>	<u>2.72</u>	<u>3.13</u>	<u>3.01</u>

The maturity period for deposits with licensed banks of the Company is 3 days (30 June 2016: 1 day, 30 June 2015: 1 day, 1 July 2014: 1 day).

Cash at bank are interest bearing deposits held at call with banks.

The currency exposure profile is disclosed in Note 50(c)(i).

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**32. ASSETS AND LIABILITIES HELD FOR SALE**

		GROUP			
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current assets held for sale					
- property, plant and equipment	(a)	46,253	3,862	10,712	-
Disposal group held for sale					
- property, plant and equipment	(b)	81,364	-	-	-
- other assets	(b)	55,977	-	-	-
		<u>183,594</u>	<u>3,862</u>	<u>10,712</u>	<u>-</u>
Disposal group held for sale					
- liabilities	(b)	(15,395)	-	-	-
		<u>168,199</u>	<u>3,862</u>	<u>10,712</u>	<u>-</u>
		COMPANY			
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current assets held for sale					
- property, plant and equipment	(a)	<u>108,107</u>	-	-	-

(a) Proposed disposal of property, plant and equipment

- (i) On 9 June 2017, the Company entered into a conditional sales and purchase agreement with SD Property to dispose off parcels of freehold land measuring an aggregate land area of 1,943.662 acres with building, fixtures structures and bearer plants erected thereon for a total purchase consideration of RM713 million. The proposed disposal is expected to be completed within the next twelve months.
- (ii) On 29 May 2017, the Company's Board of Directors approved a proposed disposal of an oil mill with a net book value of RM29 million. The proposed disposal is expected to be completed within the next twelve months.
- (iii) On 30 January 2015, the Group entered into a sale and purchase agreement with SD Property for the disposal of 623 hectares of land to the Company. The disposal was completed on 18 January 2016.

(b) Proposed divestment of subsidiary

On 22 February 2017, the Company's Board of Directors approved a proposed divestment of the 65% interest in PT Mitra Austral Sejahtera (MAS), a subsidiary of the Group which is expected to be completed within the next twelve months.

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**32. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)**

The movements during the financial year relating to net assets held for sale are as follows:

	GROUP		
	2017 RM'000	2016 RM'000	2015 RM'000
At 1 July	3,862	10,712	-
Transfers from/(to):			
- property, plant and equipment (Note 16)	127,617	-	10,299
- investment properties (Note 17)	-	188	-
- prepaid lease rentals (Note 19)	2,402	-	-
- intangible assets (Note 23)	1	-	-
- inventories	6,103	-	-
- trade and other receivables	20,401	-	-
- biological asset (Note 18)	80	-	-
- deferred tax assets (Note 25)	12,743	-	-
- tax recoverable	10,744	-	-
- trade and other payables	(10,987)	-	-
- retirement benefits (Note 38)	(4,500)	-	-
Disposals	-	(6,852)	-
Exchange differences	(267)	(186)	413
At 30 June	<u>168,199</u>	<u>3,862</u>	<u>10,712</u>

	COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
At 1 July	-	-	-
Transfers from property, plant and equipment (Note 16)	108,107	-	-
At 30 June	<u>108,107</u>	<u>-</u>	<u>-</u>

**33. SHARE CAPITAL**

	GROUP/COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Issued and fully paid:				
600,000,000 ordinary shares	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>

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**33. SHARE CAPITAL (CONTINUED)**

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. There is no impact on the number of ordinary shares in issue of 600,000,000 or the entitlement of the holder of the Company's ordinary shares.

**34. PERFORMANCE-BASED EMPLOYEE SHARE SCHEME**

Sime Darby Berhad, the immediate holding company, established a Performance-Based Employee Share Scheme ("PBESS") which is governed by the by-laws approved by its shareholders at the Extraordinary General Meeting held on 8 November 2012. Under the PBESS, ordinary shares in Sime Darby Berhad ("Sime Darby Shares") are granted to eligible employees and executive directors of its subsidiaries. The PBESS was effected on 15 January 2013 following the submission of the By-Laws for the PBESS to Bursa Malaysia Securities Berhad, the receipt of all required approvals and the compliance with the requirements pertaining to the PBESS.

The grants under the PBESS comprise of the Group Performance Share ("GPS"), the Division Performance Share ("DPS") and the General Employee Share ("GES").

The salient features of the PBESS are as follows:

- a. Eligible employees are those executives (including executive directors) of the Sime Darby Group (other than subsidiaries which are dormant) who have attained the age of 18 years; entered into a full-time or fixed-term contract of employment with and is on the payroll of a company within the Sime Darby Group; have not served notice of resignation or received notice of termination on the date of the offer; whose service/employment have been confirmed in writing; and have fulfilled other eligibility criteria which has been determined by the Nomination and Remuneration Committee ("NRC") at its sole and absolute discretion from time to time.
- b. The total number of Sime Darby Shares to be allocated to an employee shall not be more than 10% of the Sime Darby Shares made available under the PBESS if the employee either singly or collectively through persons connected with the said employee, holds 20% or more of the Company's issued and paid up share capital.
- c. The maximum number of Sime Darby Shares to be allotted and issued under the PBESS shall not be more than in aggregate 10% of the issued and paid-up ordinary share capital of Sime Darby Berhad at any point in time during the duration of the PBESS.
- d. The PBESS shall be in force for a period of 10 years commencing from the effective date of implementation.
- e. The new Sime Darby Shares to be allotted and issued pursuant to the PBESS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Sime Darby Shares and shall be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the relevant allotment date of such new shares is before the record date (as defined in the PBESS By-Laws) for any right, allotment or distribution.

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**34. PERFORMANCE-BASED EMPLOYEE SHARE SCHEME (CONTINUED)**

The salient features of the PBESS are as follows: (continued)

- f. If the NRC so decides (but not otherwise), in the event of any alteration in the capital structure of Sime Darby Berhad during the duration of the PBESS, such corresponding alterations (if any) may be made in the number of unvested Sime Darby Shares and/or the method and/or manner in the vesting of the Sime Darby Shares comprised in a grant.

The shares granted will be vested only upon fulfilment of vesting conditions which include achievement of service period and performance targets as follows:

Vesting conditions	Type of grants		
	GPS	DPS	GES
Performance metrics	Group Long Term Incentive Plan (LTIP) scorecard (financial target) and absolute and relative total shareholders' return of Sime Darby Berhad	Division/Group LTIP scorecard (financial and strategic targets)	Division/Group LTIP scorecard (financial and strategic targets)
Vesting period	First grant - over a 3-year period from the commencement date of 1 July 2013, with retest till 30 June 2018 for GPS  Second grant - over a 3-year period from the commencement date of 1 July 2014, with retest till 30 June 2019 for GPS		

Depending upon the level of achievement of the performance targets as determined by the NRC, the total number of shares which will vest may be lower or higher than the total number of shares granted.

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**34. PERFORMANCE-BASED EMPLOYEE SHARE SCHEME (CONTINUED)**

The movements in the number of Sime Darby Shares granted under the PBESS to the Group's and to the Company's eligible employees are as follows:

2017	Fair value at grant date (RM)	Number of ordinary shares in Sime Darby Berhad				
		At 1 July 2016	Granted	Transferred *	Lapsed	At 30 June 2017
<b>GROUP</b>						
First grant						
GPS	7.737	1,095,546	-	-	(1,095,546)	-
DPS	8.583	1,551,521	-	-	(1,551,521)	-
GES	8.583	1,773,226	-	-	(1,773,226)	-
		4,420,293	-	-	(4,420,293)	-
Second grant						
GPS	7.243	1,108,938	-	8,420	(70,515)	1,046,843
DPS	8.181	1,569,050	-	12,195	(99,231)	1,482,014
GES	8.181	1,974,588	-	7,307	(145,478)	1,836,417
		4,652,576	-	27,922	(315,224)	4,365,274
<b>COMPANY</b>						
First grant						
GPS	7.737	734,880	-	-	(734,880)	-
DPS	8.583	1,032,017	-	-	(1,032,017)	-
GES	8.583	1,161,241	-	-	(1,161,241)	-
		2,928,138	-	-	(2,928,138)	-
Second grant						
GPS	7.243	740,971	-	11,811	(41,651)	711,131
DPS	8.181	1,042,514	-	17,282	(58,054)	1,001,742
GES	8.181	1,304,566	-	11,222	(99,135)	1,216,653
		3,088,051	-	40,315	(198,840)	2,929,526

\* Transfer of employees between subsidiaries of Sime Darby Berhad.