

Company No.

647766	V
--------	---

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

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 (continued):

2016	Fair value at grant date (RM)	At		Number of ordinary shares in Sime Darby Berhad		
		1 July 2015		Granted	Transferred *	Forfeited
GROUP						
First grant						
GPS	7.737	1,176,321	-	(2,534)	(78,241)	1,095,546
DPS	8.583	1,663,928	-	(3,769)	(108,638)	1,551,521
GES	8.583	1,871,848	-	468	(99,090)	1,773,226
		<u>4,712,097</u>	-	<u>(5,835)</u>	<u>(285,969)</u>	<u>4,420,293</u>
Second grant						
GPS	7.243	1,212,702	-	(5,665)	(98,099)	1,108,938
DPS	8.181	1,715,308	-	(8,398)	(137,860)	1,569,050
GES	8.181	2,093,161	-	2,483	(121,056)	1,974,588
		<u>5,021,171</u>	-	<u>(11,580)</u>	<u>(357,015)</u>	<u>4,652,576</u>
COMPANY						
First grant						
GPS	7.737	794,105	-	(64)	(59,161)	734,880
DPS	8.583	1,113,058	-	(487)	(80,554)	1,032,017
GES	8.583	1,234,180	-	(5,063)	(67,876)	1,161,241
		<u>3,141,343</u>	-	<u>(5,614)</u>	<u>(207,591)</u>	<u>2,928,138</u>
Second grant						
GPS	7.243	817,115	-	(2,672)	(73,472)	740,971
DPS	8.181	1,148,260	-	(4,328)	(101,418)	1,042,514
GES	8.181	1,405,518	-	(15,959)	(84,993)	1,304,566
		<u>3,370,893</u>	-	<u>(22,959)</u>	<u>(259,883)</u>	<u>3,088,051</u>

* Transfer of employees between subsidiaries of Sime Darby Berhad.

Company No.

647766	V
--------	---

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

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 (continued):

<u>2015</u>	Fair value at grant date (RM)	At		Number of ordinary shares in Sime Darby Berhad			At 30 June 2015
		1 July 2014		Granted	Transferred *	Forfeited	
GROUP							
First grant							
GPS	7.737	1,241,549	-	2,397	(67,625)		1,176,321
DPS	8.583	1,757,450	-	3,674	(97,196)		1,663,928
GES	8.583	1,958,264	-	7,888	(94,304)		1,871,848
		<u>4,957,263</u>	<u>-</u>	<u>13,959</u>	<u>(259,125)</u>		<u>4,712,097</u>
Second grant							
GPS	7.243	-	1,261,100	5,030	(53,428)		1,212,702
DPS	8.181	-	1,782,500	7,338	(74,530)		1,715,308
GES	8.181	-	2,154,700	12,628	(74,167)		2,093,161
		<u>-</u>	<u>5,198,300</u>	<u>24,996</u>	<u>(202,125)</u>		<u>5,021,171</u>
COMPANY							
First grant							
GPS	7.737	827,731	-	3,368	(36,994)		794,105
DPS	8.583	1,160,615	-	4,868	(52,425)		1,113,058
GES	8.583	1,280,871	-	19,745	(66,436)		1,234,180
		<u>3,269,217</u>	<u>-</u>	<u>27,981</u>	<u>(155,855)</u>		<u>3,141,343</u>
Second grant							
GPS	7.243	-	845,600	5,419	(33,904)		817,115
DPS	8.181	-	1,187,000	7,779	(46,519)		1,148,260
GES	8.181	-	1,423,300	31,493	(49,275)		1,405,518
		<u>-</u>	<u>3,455,900</u>	<u>44,691</u>	<u>(129,698)</u>		<u>3,370,893</u>

* Transfer of employees between subsidiaries of Sime Darby Berhad.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

34. PERFORMANCE-BASED EMPLOYEE SHARE SCHEME (CONTINUED)

Sime Darby Berhad is reviewing the salient features of the LTIP. Accordingly, further grants of PBESS have been deferred until such time where the review has been approved by the NRC.

The first grant awarded on 7 October 2013 had reached the end of the performance period on 30 June 2016. In August 2016, the NRC had approved the non-vesting of the first grant as the performance conditions were not met. The second grant awarded on 20 October 2014 has also reached the end of the performance period on 30 June 2017 and the NRC has on 23 August 2017 approved the non-vesting as the performance conditions were not met.

The fair value of the Sime Darby Shares granted is determined using Monte Carlo Simulation model, taking into account the terms and conditions under which the shares were granted. The significant inputs in the model are as follows:

	GPS	DPS	GES
<u>First grant</u>			
Closing market price at grant date (RM)	9.54	9.54	9.54
Expected volatility (%)	12.94	12.94	12.94
Expected dividend yield (%)	3.47	3.47	3.47
Risk free rate (%)	3.21 - 3.53	3.28	3.28
<u>Second grant</u>			
Closing market price at grant date (RM)	9.16	9.16	9.16
Expected volatility (%)	11.60	11.60	11.60
Expected dividend yield (%)	3.79	3.79	3.79
Risk free rate (%)	3.51 - 3.64	3.51	3.51

The expected dividend yield used was based on historical data and future estimates, which may not necessarily equal the actual outcome. Expected volatility is measured over a 3-year period on a daily basis to increase the number of data points and hence increases the credibility of assumption. No other features of the share award were incorporated into the measurement of fair value.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

35. RESERVES

	Hedging reserve RM'000	Capital reserve RM'000	Available- for-sale reserve RM'000	Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Attributable to equity holder of			Total RM'000
							Company RM'000	Perpetual Sukuk RM'000	Non- controlling interests RM'000	
GROUP - 2017										
At 1 July 2016	(28,919)	13,361	75,694	928,190	(17,696)	8,021,548	8,992,178	-	454,959	9,447,137
Profit for the financial year	-	-	-	-	-	3,507,099	3,507,099	2,724	42,087	3,551,910
Total other comprehensive income/(loss) for the financial year	25,109	-	(1,954)	230,007	-	3,848	257,010	-	(3,110)	253,900
Transactions with equity holder: - novation of Perpetual Sukuk - dividends	-	-	-	-	-	(900,000)	(900,000)	2,228,660	(60,049)	2,228,660 (960,049)
Disposal of available-for-sale investments	-	-	1,797	-	-	-	1,797	-	-	1,797
At 30 June 2017	(3,810)	13,361	75,537	1,158,197	(17,696)	10,632,495	11,858,084	2,231,384	433,887	14,523,355

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

35. RESERVES (CONTINUED)

	Hedging reserve RM'000	Capital reserve RM'000	Available- for-sale reserve RM'000	Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Attributable to equity holder of		Total RM'000
							Company RM'000	Non- controlling interests RM'000	
GROUP - 2016									
At 1 July 2015	(6,314)	13,361	59,665	508,008	(17,696)	7,748,188	8,305,212	560,841	8,866,053
Profit for the financial year	-	-	-	-	-	967,179	967,179	35,756	1,002,935
Total other comprehensive (loss)/income for the financial year	(22,605)	-	16,029	420,182	-	6,181	419,787	35,017	454,804
Transactions with equity holder: - dividends	-	-	-	-	-	(700,000)	(700,000)	(176,655)	(876,655)
At 30 June 2016	(28,919)	13,361	75,694	928,190	(17,696)	8,021,548	8,992,178	454,959	9,447,137

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

35. RESERVES (CONTINUED)

	Hedging reserve RM'000	Capital reserve RM'000	Available- for-sale reserve RM'000	Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Attributable to equity holder of		Total RM'000
							Company RM'000	Non- controlling interests RM'000	
GROUP - 2015									
At 1 July 2014	736	13,361	76,249	-	(17,696)	7,377,473	7,450,123	493,984	7,944,107
Profit for the financial year	-	-	-	-	-	997,113	997,113	34,333	1,031,446
Total other comprehensive (loss)/income for the financial year	(7,050)	-	(16,584)	507,513	-	(25,903)	457,976	24,803	482,779
Transactions with equity holder:									
- acquisition of subsidiaries	-	-	-	-	-	-	-	72,217	72,217
- disposals of subsidiaries	-	-	-	495	-	(495)	-	-	-
- dividends	-	-	-	-	-	(600,000)	(600,000)	(64,496)	(664,496)
At 30 June 2015	(6,314)	13,361	59,665	508,008	(17,696)	7,748,188	8,305,212	560,841	8,866,053

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

35. RESERVES (CONTINUED)

	Available- for-sale reserve	Hedging reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
COMPANY - 2017				
At 1 July 2016	17,618	(31,579)	6,337,733	6,323,772
Profit for the financial year	-	-	2,592,610	2,592,610
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- available-for-sale investments	8,010	-	-	8,010
- cash flow hedge	-	41,066	-	41,066
Tax expenses relating to cash flow hedge	-	(8,088)	-	(8,088)
Total comprehensive income for the year	8,010	32,978	2,592,610	2,633,598
Transactions with equity holder:				
- dividends paid	-	-	(900,000)	(900,000)
At 30 June 2017	25,628	1,399	8,030,343	8,057,370
COMPANY - 2016				
At 1 July 2015	16,539	(3,507)	6,732,459	6,745,491
Profit for the financial year	-	-	305,274	305,274
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- available-for-sale investments	1,079	-	-	1,079
- cash flow hedge	-	(35,548)	-	(35,548)
Tax credit relating to cash flow hedge	-	7,476	-	7,476
Total comprehensive income/(loss) for the year	1,079	(28,072)	305,274	278,281
Transactions with equity holder:				
- dividends paid	-	-	(700,000)	(700,000)
At 30 June 2016	17,618	(31,579)	6,337,733	6,323,772

Company No.

647766 V

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

35. RESERVES (CONTINUED)

COMPANY - 2015	Available- for-sale reserve	Hedging reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
At 1 July 2014	26,863	646	6,882,065	6,909,574
Profit for the financial year	-	-	445,582	445,582
Other comprehensive (loss)/income:				
Items that will be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- available-for-sale investments	(10,324)	-	-	(10,324)
- cash flow hedge	-	(5,476)	-	(5,476)
Tax credit relating to cash flow hedge	-	1,323	-	1,323
Total comprehensive (loss)/income for the year	(10,324)	(4,153)	445,582	431,105
Transactions with equity holder:				
- gain on waiver of inter-company advances	-	-	4,812	4,812
- dividends paid	-	-	(600,000)	(600,000)
At 30 June 2015	<u>16,539</u>	<u>(3,507)</u>	<u>6,732,459</u>	<u>6,745,491</u>

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

36. PERPETUAL SUKUK

	<u>30 June 2017</u> RM'000
Nominal value	2,200,000
Profit attributable to Perpetual Sukuk holders novated from Sime Darby Berhad	30,990
Transaction costs	<u>(2,330)</u>
	2,228,660
Profit attributable to Perpetual Sukuk holders from the date of novation	<u>2,724</u>
	<u><u>2,231,384</u></u>

On 23 June 2017, the RM2.2 billion nominal value of Perpetual Subordinated Sukuk ("Perpetual Sukuk") was novated by the immediate holding company to the Company. The Perpetual Sukuk is rated AAs by the Malaysian Rating Corporation Berhad.

The Perpetual Sukuk is accounted for as an equity instrument as there is no contractual obligation to redeem the instrument and pay periodic distribution. The salient features of the Perpetual Sukuk are as follows:

- a. Unsecured and is issued under the Islamic principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah") where the Company is to manage a Wakalah portfolio on behalf of the Perpetual Sukuk holders. The Wakalah portfolio comprises certain assets of the Group (see Note 16(b)(ii)) and investments in commodities in accordance with the Shariah Principle of Ijarah and Murabahah.
- b. Carries an initial fixed periodic distribution rate of 5.65% per annum payable on a semi-annual basis in arrears. The periodic distribution rate will be reset on 24 March 2026 to the then prevailing 10-year Malaysian Government Securities (MGS) benchmark rate plus 1.75% (Initial Spread) and 1.00% (Step-Up Margin) and at every 10 year thereafter.
- c. No fixed redemption date but the Company has the option to redeem at the end of the tenth year from the date of issue and on each subsequent semi-annual periodic distribution date.
- d. The expected periodic distribution amount may be deferred by the Company to perpetuity as long as no discretionary dividend distribution or other payment has been declared by the Company in respect of any of the Company's ordinary shares.
- e. The Company also has the option to redeem the Perpetual Sukuk under the following circumstances:
 - (i) Accounting Event – if the Perpetual Sukuk is or will no longer be recorded as equity as a result of changes to accounting standards;
 - (ii) Tax Event – if the Company is or will become obliged to pay additional amount due to changes in tax laws or regulations;
 - (iii) Tax Deductibility Event – if distribution made would not be fully deductible for income tax purposes as a result of changes in tax laws or regulations or changes to official interpretation or pronouncement that provides for a position with respect to such laws or regulations; and
 - (iv) Rating Event – if the equity credit is lower than initially assigned to the Perpetual Sukuk as a result of changes in equity credit criteria, guidelines or methodology of rating agency.

The Perpetual Sukuk holders do not have any voting rights in the Company and rank in priority to holders of ordinary shares, but subordinated to the claims of present and future creditors of the Company.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

37. NON-CONTROLLING INTERESTS

The subsidiaries of the Group that have non-controlling interests, which, in the opinion of the Directors, are material to the Group are as follows:

Name of subsidiaries	Proportion of equity held by owners of non-controlling interests (%)				Place of business/ Country of incorporation
	30 June 2017	30 June 2016	30 June 2015	1 July 2014	
Subsidiaries consolidated					
under PT Minamas Gemilang:					
- PT Kartika Inti Perkasa	40.0	40.0	40.0	40.0	Indonesia
- PT Sritijaya Abaditama	40.0	40.0	40.0	40.0	Indonesia
- PT Asricipta Indah	10.0	10.0	10.0	10.0	Indonesia
- PT Bersama Sejahtera Sakti	8.9	8.9	8.9	8.9	Indonesia
- PT Laguna Mandiri	11.4	11.4	11.4	11.4	Indonesia
- PT Indotruba Tengah	50.0	50.0	50.0	50.0	Indonesia
- PT Tunggal Mitra Plantations	40.0	40.0	40.0	40.0	Indonesia
- PT Tamaco Graha Krida	10.0	10.0	10.0	10.0	Indonesia
- PT Bahari Gembira Ria	1.0	1.0	1.0	1.0	Indonesia
- PT Indo Sukses Lestari Makmur	5.0	5.0	5.0	5.0	Indonesia
- PT Mitra Austral Sejahtera	35.0	35.0	35.0	35.0	Indonesia
Subsidiaries consolidated under					
New Britain Palm Oil Limited:					
- PT Timbang Deli Indonesia	51.0	51.0	51.0	-	Indonesia
- Guadalcanal Plains Palm Oil Limited	20.0	20.0	20.0	-	Solomon Islands
- Verdant Bioscience Pte Ltd	48.0	48.0	48.0	-	Singapore
Wangsa Mujur Sdn Bhd	27.5	27.5	27.5	27.5	Malaysia

There are no significant restrictions on the ability of these subsidiaries to transfer funds to the Group in the form of cash dividends.

The summarised financial information of the subsidiaries that has non-controlling interests to the Group is based on amounts before inter-company elimination.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

37. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information

The summarised statements of comprehensive income of and dividends paid by each subsidiary that has non-controlling interests to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang	Subsidiaries of New Britain Palm Oil Limited	Wangsa Mujur Sdn Bhd	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2017					
Revenue	4,766,873	2,625,893	83,008	2,063,690	9,539,464
Profit/(loss) for the financial year	623,572	391,245	9,098	(2,148)	1,021,767
Other comprehensive income	12,750	-	-	-	12,750
Total comprehensive income/(loss)	636,322	391,245	9,098	(2,148)	1,034,517
Profit/(loss) allocated to non-controlling interests	37,344	4,875	2,502	(2,634)	42,087
Dividends paid to non-controlling interests	(35,491)	(6,239)	(18,319)	-	(60,049)
2016					
Revenue	2,291,795	2,044,149	83,659	1,306,738	5,726,341
Profit for the financial year	468,958	37,247	13,042	27,736	546,983
Other comprehensive income	334	-	-	-	334
Total comprehensive income	469,292	37,247	13,042	27,736	547,317
Profit/(loss) allocated to non-controlling interests	31,170	(4,551)	3,587	5,550	35,756
Dividends paid to non-controlling interests	(176,259)	-	-	(396)	(176,655)
2015					
Revenue	2,115,640	682,184	87,927	1,172,369	4,058,120
Profit/(loss) for the financial year	382,708	37,507	(15,562)	38,211	442,864
Other comprehensive loss	(8,631)	-	-	(20)	(8,651)
Total comprehensive income/(loss)	374,077	37,507	(15,562)	38,191	434,213
Profit/(loss) allocated to non-controlling interests	36,490	(878)	(4,279)	3,000	34,333
Dividends paid to non-controlling interests	(63,215)	-	(455)	(826)	(64,496)

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

37. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

The summarised statements of financial position of each subsidiary that has non-controlling interests to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000	Others RM'000	Total RM'000
30 June 2017					
Non-current assets	4,041,913	4,652,776	157,738	502,682	9,355,109
Current assets	1,486,086	1,402,818	27,422	473,192	3,389,518
Non-current liabilities	(164,867)	(1,232,790)	(25,510)	(169,922)	(1,593,089)
Current liabilities	(1,050,923)	(667,439)	(10,677)	(319,475)	(2,048,514)
Net assets	4,312,209	4,155,365	148,973	486,477	9,103,024
Non-controlling interests' share of net assets	266,730	72,496	59,774	34,887	433,887
30 June 2016					
Non-current assets	3,672,782	3,697,553	139,086	450,151	7,959,572
Current assets	942,141	1,211,008	75,693	375,788	2,604,630
Non-current liabilities	(167,115)	(1,423,537)	(24,851)	(121,872)	(1,737,375)
Current liabilities	(813,223)	(418,589)	(11,206)	(218,714)	(1,461,732)
Net assets	3,634,585	3,066,435	178,722	485,353	7,365,095
Non-controlling interests' share of net assets	252,373	88,328	67,981	46,277	454,959

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

37. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

The summarised statements of financial position of each subsidiary that has non-controlling interests to the Group are as follows (continued):

	Subsidiaries of PT Minamas Gemilang	Subsidiaries of New Britain Palm Oil Limited	Wangsa Mujur Sdn Bhd	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2015					
Non-current assets	2,771,881	4,180,468	129,132	420,244	7,501,725
Current assets	1,300,674	1,254,917	72,462	324,596	2,952,649
Non-current liabilities	(129,003)	(1,158,281)	(22,081)	(59,513)	(1,368,878)
Current liabilities	(838,398)	(892,727)	(13,831)	(239,652)	(1,984,608)
Net assets	3,105,154	3,384,377	165,682	445,675	7,100,888
Non-controlling interests' share of net assets	381,999	74,490	64,394	39,958	560,841
1 July 2014					
Non-current assets	2,427,944	-	126,828	342,971	2,897,743
Current assets	1,228,725	-	79,089	282,295	1,590,109
Non-current liabilities	(102,868)	-	(12,200)	(1,760)	(116,828)
Current liabilities	(423,778)	-	(12,669)	(160,479)	(596,926)
Net assets	3,130,023	-	181,048	463,027	3,774,098
Non-controlling interests' share of net assets	344,589	-	68,623	80,772	493,984

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

37. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

The summarised statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	Subsidiaries		
	Subsidiaries of PT Minamas Gemilang RM'000	of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000
2017			
Cash flows from operating activities			
Cash generated from operations	751,264	847,448	31,971
Tax paid	(135,311)	(62,808)	(174)
Net cash from operating activities	615,953	784,640	31,797
Net cash used in investing activities	(504,258)	(343,329)	(12,632)
Net cash used in financing activities	(97,444)	(415,380)	(55,589)
Net increase/(decrease) in cash and cash equivalents	14,251	25,931	(36,424)
Exchange differences	9,116	11,624	-
Cash and cash equivalents at beginning of the financial year	166,396	166,443	69,024
Cash and cash equivalents at end of the financial year	189,763	203,998	32,600
2016			
Cash flows from operating activities			
Cash generated from operations	217,881	366,979	68,879
Tax paid	(204,342)	(36,777)	(359)
Net cash from operating activities	13,539	330,202	68,520
Net cash used in investing activities	(348,579)	(228,149)	(16,988)
Net cash used in financing activities	(193,680)	(111,956)	(389)
Net (decrease)/increase in cash and cash equivalents	(528,720)	(9,903)	51,143
Exchange differences	45,483	(15,736)	-
Cash and cash equivalents at beginning of the financial year	649,633	192,082	17,881
Cash and cash equivalents at end of the financial year	166,396	166,443	69,024

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

37. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

The summarised statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows (continued):

2015	Subsidiaries	Subsidiaries	Wangsa
	of PT Minamas Gemilang	of New Britain Palm Oil Limited	Mujur Sdn Bhd
	RM'000	RM'000	RM'000
Cash flows from operating activities			
Cash generated from/(used in) operations	594,989	341,163	(24,280)
Tax (paid)/refunded	(261,337)	(18,138)	1,383
Net cash generated from/(used in) operating activities	333,652	323,025	(22,897)
Net cash used in investing activities	(252,792)	(64,722)	(21,834)
Net cash used in financing activities	(245,779)	(116,672)	(2,083)
Net (decrease)/increase in cash and cash equivalents	(164,919)	141,631	(46,814)
Exchange differences	46,148	35,001	-
Cash and cash equivalents at beginning of the financial year	768,404	15,450	64,695
Cash and cash equivalents at end of the financial year	649,633	192,082	17,881

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

38. RETIREMENT BENEFITS

The Group operates unfunded final salary defined benefit plans for its employees in Malaysia, Thailand, Netherlands and Vietnam, and funded defined benefit plans for its employees in Indonesia.

The employees in Malaysia are covered under collective agreements with the following unions:

- All Malayan Estates Staff Union ("AMESU")
- National Union of Commercial Workers ("NUCW")
- Sabah Plantation Industry Employees Union ("SPIEU")

Subsidiary companies in Indonesia operate a funded defined benefit scheme for qualified permanent employees in accordance with Labour Law No. 13 Year 2003.

A subsidiary in Vietnam operates an unfunded defined benefit scheme for qualified permanent employees in accordance with Decree No. 39/2003/ND-CP and Circular 82/2003/TT-BTC.

One of the Group's subsidiary in Netherlands has a defined benefit scheme for non-active participants only, managed by Aegon N.V. ("AEGON"). The conditions of the Dutch Pension Act are applicable on the scheme.

The latest actuarial valuations of the plans in Malaysia and Indonesia were carried out on 30 June 2014 and 30 June 2017, respectively.

The movements during the financial year in the amounts recognised in the statements of financial position are as follows:

	GROUP			COMPANY		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July	224,090	175,642	147,967	42,980	40,029	36,326
Acquisition of subsidiary	-	-	280	-	-	-
Charge for the financial year (Note 6(d))	44,340	46,522	20,602	4,945	4,751	5,039
Actuarial (gain)/loss recognised in other comprehensive income	(17,230)	(446)	7,494	-	-	-
Contributions and benefits paid	(18,649)	(6,722)	(6,383)	(1,965)	(1,800)	(1,336)
Transfers to non-current assets held for sale (Note 32)	(4,500)	-	-	-	-	-
Transfer from a subsidiary	-	-	-	159	-	-
Exchange differences	9,799	9,094	5,682	-	-	-
At 30 June	<u>237,850</u>	<u>224,090</u>	<u>175,642</u>	<u>46,119</u>	<u>42,980</u>	<u>40,029</u>

The amounts recognised on the statements of financial position are determined as follows:

	GROUP			
	30 June <u>2017</u>	30 June <u>2016</u>	30 June <u>2015</u>	1 July <u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Present value of funded obligations (Note 38(a))	611,379	466,126	435,394	354,360
Fair value of plan assets (Note 38(b))	(377,513)	(296,253)	(309,820)	(252,149)
	<u>233,866</u>	<u>169,873</u>	<u>125,574</u>	<u>102,211</u>
Present value of unfunded obligations (Note 38(a))	3,984	54,217	50,068	45,756
Net liabilities	<u>237,850</u>	<u>224,090</u>	<u>175,642</u>	<u>147,967</u>

Company No.

617766	V
--------	---

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

38. RETIREMENT BENEFITS (CONTINUED)

The amounts recognised on the statements of financial position are determined as follows (continued):

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Present value of unfunded obligations (Note 38(a))	46,119	42,980	40,029	36,326
Net liabilities	<u>46,119</u>	<u>42,980</u>	<u>40,029</u>	<u>36,326</u>

The expenses recognised in statements of profit or loss are analysed as follows:

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Current service cost	21,788	25,385	15,238	3,030	1,477	2,742
Past service cost	1,070	-	205	-	-	-
Interest cost	31,026	11,481	12,282	2,431	2,156	1,911
Expected return on plan assets	(5,987)	(6,574)	(7,582)	-	-	-
Contracted gratuity	4,511	16,230	459	(516)	1,118	386
Curtailment	(8,068)	-	-	-	-	-
Total included in employee benefits expense (Note 6(d))	<u>44,340</u>	<u>46,522</u>	<u>20,602</u>	<u>4,945</u>	<u>4,751</u>	<u>5,039</u>

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

38. RETIREMENT BENEFITS (CONTINUED)

(a) Changes in the present value of defined benefit (funded and unfunded) obligations

	GROUP			COMPANY		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July	520,343	485,462	400,116	42,980	40,029	36,326
Acquisition of subsidiary	-	-	280	-	-	-
Current service cost	21,788	25,385	15,238	3,030	1,477	2,742
Past service cost	1,070	-	205	-	-	-
Interest cost	31,026	11,481	12,282	2,431	2,156	1,911
Contracted gratuity	4,511	16,230	459	(516)	1,118	386
Curtailment	(8,068)	-	-	-	-	-
Benefits paid- funded obligations	(22,538)	(4,637)	(6,869)	-	-	-
Benefits paid- unfunded obligations	-	(2,475)	(2,053)	(1,965)	(1,800)	(1,336)
Actuarial gains/(losses) recognised in other comprehensive income	31,697	(29,751)	67,120	-	-	-
Transfer to non-current assets held for sale (Note 32)	(4,500)	-	-	-	-	-
Transfer from a subsidiary	-	-	-	159	-	-
Exchange differences	40,034	18,648	(1,316)	-	-	-
At 30 June	<u>615,363</u>	<u>520,343</u>	<u>485,462</u>	<u>46,119</u>	<u>42,980</u>	<u>40,029</u>

(b) Changes in the fair value of plan assets

	GROUP		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000
At 1 July	296,253	309,820	252,149
Expected return on plan assets	5,987	6,574	7,582
Actuarial gains/(losses) due to actual experience	48,927	(29,305)	59,626
Benefits paid	(3,889)	(390)	(2,539)
Exchange differences	30,235	9,554	(6,998)
At 30 June	<u>377,513</u>	<u>296,253</u>	<u>309,820</u>

The range of principal assumptions used in respect of the Group's and Company's defined benefit plans are as follows:

	GROUP			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	%	%	%	%
Expected return on plan assets (per annum)	2.5 - 8.0	2.5 - 8.0	2.5 - 8.0	3.2 - 8.0
Discount rates (per annum)	2.5 - 8.3	2.5 - 8.3	2.5 - 8.3	3.2 - 8.5
Expected rate of salary increases (per annum)	1.5 - 8.2	1.5 - 8.2	1.5 - 8.2	1.5 - 8.0

	COMPANY			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	%	%	%	%
Discount rates (per annum)	5.5	5.5	5.5	5.5
Expected rate of salary increases (per annum)	6.0	6.0	6.0	6.0

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

39. BORROWINGS

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current				
Secured				
- term loan	-	-	106,884	-
Unsecured				
- term loans	3,880,917	2,784,992	2,261,875	460,000
- revolving credit	1,545,660	1,342,883	1,248,638	-
- bonds	489,717	446,280	-	-
- Multi-currency Sukuk	525,959	-	-	-
- unamortised deferred financing expenses	(29,775)	(22,178)	(25,378)	-
	<u>6,412,478</u>	<u>4,551,977</u>	<u>3,592,019</u>	<u>460,000</u>
Current				
Secured				
- term loans	-	-	562,332	-
- revolving credit	-	115,474	166,141	-
- trade facilities	38,978	173,074	-	-
Unsecured				
- term loans	503,609	468,373	116,486	40,000
- revolving credit	561,104	213,467	339,726	98,679
- Multi-currency Sukuk	221,758	-	-	-
	<u>1,325,449</u>	<u>970,388</u>	<u>1,184,685</u>	<u>138,679</u>
Total borrowings	<u>7,737,927</u>	<u>5,522,365</u>	<u>4,776,704</u>	<u>598,679</u>

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

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current				
Unsecured				
- term loans	3,760,324	2,267,375	2,261,875	460,000
- revolving credit	1,545,660	1,324,868	1,248,638	-
- unamortised deferred financing expenses	(29,775)	(22,178)	(25,378)	-
	<u>5,276,209</u>	<u>3,570,065</u>	<u>3,485,135</u>	<u>460,000</u>
Current				
Unsecured				
- term loans	363,826	110,000	90,000	40,000
Total borrowings	<u>5,640,035</u>	<u>3,680,065</u>	<u>3,575,135</u>	<u>500,000</u>

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

39. BORROWINGS (CONTINUED)

The breakdown of the unamortised deferred financing expenses is 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	22,178	25,378	-	22,178	25,378	-
Drawdown during the financial year	17,629	-	26,340	17,629	-	26,340
Amortised during the financial year (Note 10)	(10,032)	(3,200)	(962)	(10,032)	(3,200)	(962)
At 30 June	29,775	22,178	25,378	29,775	22,178	25,378

a. Term loans

The term loans include the following:

- i. RM500 million 7-year unsecured term loans repayable over nine semi-annual instalments from 36 months after the first drawdown date of 26 June 2012.
- ii. USD500 million 7-year unsecured multi-currency term loan repayable over eight semi-annual instalments of 11.125%, commencing 36 months from the first drawdown date of 17 February 2015 and one final payment of 11% on the final maturity date.
- iii. USD161.3 million unsecured term loan repayable in 20 equal instalments commencing 3 months after the first drawdown date of 29 February 2016.
- iv. USD300 million 3-year unsecured term loans under commodity murabahah financing-i facility repayable in full from 36 months after the first drawdown date of 22 June 2017.
- v. USD100 million 3-year unsecured term loans repayable in full from 36 months after the first drawdown date of 22 June 2017.
- vi. THB432.5 million 10-year unsecured term loan repayable in equal quarterly instalments commencing from the first repayment date of 1 March 2017.

b. Revolving credits

The revolving credits include the following:

- i. The availability facility under the agreement has a maximum limit of USD330 million with an availability period of 3 years beginning from the signing date and ending on 2 January 2018 with a maturity date on 2 February 2018. The repayment is made in advance on 19 June 2017.
- ii. USD360 million 3-year unsecured term loan under revolving credit-i facility repayable at maturity on 19 June 2020.
- iii. USD60 million multi-currency revolving credit facility for advances of 1 week, 1 month, 3 months or 6 months tenor, or any other period agreeable to the bank commencing from the effective date of 12 January 2015. Outstanding balance as at 30 June 2017 was USD38 million, maturing on 6 July 2017.
- iv. EUR15 million uncommitted short-term revolving loans facility for period not exceeding 1 month or 3 months with availability period of up to one year with annual extension subject to annual review by the bank. Outstanding balance as at 30 June 2017 was EUR15 million maturing on 18 August 2017.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

39. BORROWINGS (CONTINUED)

b. Revolving credits (continued)

- v. Facility limit of IDR800 billion or its equivalent to USD, with availability period from 1 August 2016 to 31 July 2017 subject to Maturity by Origination. The facility was renewed for another year for the period of 1 August 2017 to 31 July 2018. Outstanding balance as at 30 June 2017 was USD9 million (30 June 2016: USD57 million, 30 June 2015: USD60 million, 1 July 2014: USD12 million) and will mature on 22 September 2017. *(Note: Maturity by Origination, means, in relation to the Facility, the Repayment Date of each utilisation/Loan notwithstanding the fact that such Repayment Date falls beyond the Availability Period).
- vi. Facility limit of IDR1 trillion or its equivalent in other currency with availability period of up to 12 months from the signing date. The loan agreement expired on 5 May 2017 and has been renewed on 5 May 2017 from the period up to 5 May 2018. Outstanding balance as at 30 June 2017 was IDR350 billion (30 June 2016: IDR Nil, 30 June 2015: IDR400 billion, 1 July 2014: IDR Nil) maturing on 3 July 2017.
- vii. USD40 million uncommitted short-term revolving loans facility for a period up to one year and automatically extended for a continuous one year period after each expiry date. Outstanding balance as at 30 June 2017 was USD40 million (30 June 2016, 30 June 2015 and 1 July 2014: USD Nil) maturing on 10 August 2017 (USD15.25 million) and 12 September 2017 (USD24.75 million) respectively.

c. Multi-currency Sukuk

On 11 January 2013, Sime Darby Berhad ("SDB") had established a Multi-currency Sukuk Programme (Sukuk Programme) with a programme limit of USD1,500 million (or its equivalent in other currencies). Sime Darby Global Berhad ("Sime Darby Global"), a subsidiary of SDB is the issuer of the Sukuk Programme structured under the Shariah Principle of Ijarah, which is a sale and leaseback arrangement. On 29 January 2013, Sime Darby Global issued two tranches of USD400 million Sukuk each with a tenure of 60 months ("2018 Sukuk") and 120 months ("2023 Sukuk") respectively.

On 18 April 2017, SDB invited eligible sukukholders to tender for its purchase of the outstanding Sukuk (the "Sukuk Tender Offer") and to consent to the substitution of SD Plantation in place of SDB in its capacities as Obligor, Seller and Lessee in respect of both tranches of the Sukuk (hereinafter referred to as "the consent solicitation"). Pursuant to the Sukuk Tender Offer, SDB has repurchased in part the 2018 Sukuk and 2023 Sukuk in an aggregate principal amount of USD350.37 million and USD277.499 million.

At the meetings of the sukukholders held on 16 May 2017, consents were received for substitution of SD Plantation to replace SDB. On 23 May 2017, the Company acquired all of the shareholding in Sime Darby Global, as part of SDB's corporate restructuring.

Details of the Sukuk Programme at date of acquisition of Sime Darby Global and remain outstanding as at 30 June 2017 are as follows:

Date of issuance	Tenure (months)	Nominal value (USD'000)	Nominal value (RM'000)		Periodic distribution (per annum)	Maturity date
			At 23.05.2017	At 30.06.2017		
29 January 2013	60	49,630	213,062	221,758	2.053%	29 January 2018
29 January 2013	120	122,501	525,897	525,959	3.29%	29 January 2023
			<u>172,131</u>	<u>738,959</u>		<u>747,717</u>

The Sukuk Programme has been accorded ratings of BBB+ and Baa1 by Fitch Ratings on 18 April 2017 and Moody's Investors Service on 26 May 2017 respectively.

d. Other borrowings

The N-bonds amounting to EUR100 million shall be repayable at a nominal amount on 12 August 2030. For trade facilities, the factoring agreement is entered into with maximum limit of EUR75 million with availability period of up to 12 months from the signing date, and is renewable for the same period of time, unless the agreement is terminated by one of the parties.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

39. BORROWINGS (CONTINUED)

e. Other information

i. Secured financing

Borrowings amounting to RM39 million (30 June 2016: RM289 million, 30 June 2015: RM835 million, 1 July 2014: RM Nil) are secured by fixed and floating charges over the assets, trade and other receivables of the Group. The carrying amounts of assets, trade and other receivables that the Group pledged as collateral for the borrowings are as follows:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Property, plant and equipment	-	96,125	3,676,664	-
Trade and other receivables	38,978	173,074	-	-
	<u>38,978</u>	<u>269,199</u>	<u>3,676,664</u>	<u>-</u>

ii. The average annual effective interest rates by currency profile of the borrowings, analysed into their respective currency profiles are as follows:

	GROUP			
	30 June 2017 %	30 June 2016 %	30 June 2015 %	1 July 2014 %
<u>Floating interest rates</u>				
Term loans				
- Ringgit Malaysia	4.36	4.48	4.22	3.70
- United States dollar	1.90 - 2.44	1.37 - 2.16	1.48 - 2.75	-
- Indonesia rupiah	-	2.12	-	-
- Papua New Guinea kina	-	-	6.00	-
- Thailand baht	3.34	3.35	5.25	-
Revolving credit				
- Ringgit Malaysia	-	-	3.98	3.98
- United States dollar	1.88 - 2.29	1.56 - 1.99	1.08 - 1.53	1.48 - 1.65
- Indonesia rupiah	7.10	7.75 - 9.96	8.52 - 9.96	7.58 - 9.30
- Thailand baht	-	2.60	4.30	-
- European Union euro	0.50	-	-	-
Trade facilities				
- European Union euro	<u>0.45</u>	<u>0.45</u>	-	-
<u>Fixed interest rates</u>				
Bonds				
- European Union euro	<u>2.90</u>	<u>2.90</u>	-	-
<u>Distribution rate</u>				
Multi-currency Sukuk				
- United States dollar	<u>2.05 - 3.29</u>	-	-	-

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

39. BORROWINGS (CONTINUED)

e. Other information (continued)

- ii. The average annual effective interest rates by currency profile of the borrowings, analysed into their respective currency profiles are as follows (continued):

	COMPANY			
	30 June 2017 %	30 June 2016 %	30 June 2015 %	1 July 2014 %
Term loans				
- Ringgit Malaysia	4.32	4.46	4.22	3.74
- United States dollar	4.28	1.73	1.48	-
Revolving credit				
- United States dollar	0.21	1.33	1.08	-

- iii. The maturity periods of borrowings are as follows:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Not later than 1 year	1,325,449	970,388	1,184,685	138,679
Later than 1 year but not later than 2 years	684,998	1,805,660	216,884	90,000
Later than 2 years but not later than 5 years	4,690,524	1,738,537	2,542,620	370,000
More than 5 years	1,036,956	1,007,780	832,515	-
	<u>7,737,927</u>	<u>5,522,365</u>	<u>4,776,704</u>	<u>598,679</u>

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Not later than 1 year	363,826	110,000	90,000	40,000
Later than 1 year but not later than 2 years	607,237	1,666,449	110,000	90,000
Later than 2 years but not later than 5 years	4,668,972	1,462,272	2,542,620	370,000
More than 5 years	-	441,344	832,515	-
	<u>5,640,035</u>	<u>3,680,065</u>	<u>3,575,135</u>	<u>500,000</u>

The fair values of borrowings approximate their carrying values as the impact of discounting is not significant. It is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within Level 2 of the fair value hierarchy.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

40. FINANCE LEASE OBLIGATIONS

	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
GROUP				
Non-current	50,074	122,128	139,219	145,920
Current	2,993	6,483	6,804	5,842
	<u>53,067</u>	<u>128,611</u>	<u>146,023</u>	<u>151,762</u>
Minimum lease payments:				
- not later than 1 year	4,918	10,985	11,824	10,464
- later than 1 year and not later than 5 years	19,671	43,938	47,297	45,452
- later than 5 years	42,919	110,649	131,663	139,140
	<u>67,508</u>	<u>165,572</u>	<u>190,784</u>	<u>195,056</u>
Less: unexpired finance charges	(14,441)	(36,961)	(44,761)	(43,294)
	<u>53,067</u>	<u>128,611</u>	<u>146,023</u>	<u>151,762</u>
Present value of finance lease obligations:				
- not later than 1 year	2,993	6,483	6,804	5,842
- later than 1 year and not later than 5 years	13,188	27,844	29,579	29,189
- later than 5 years	36,886	94,284	109,640	116,731
	<u>53,067</u>	<u>128,611</u>	<u>146,023</u>	<u>151,762</u>
COMPANY				
Non-current	18,358	66,845	80,199	84,030
Current	1,085	3,468	3,831	3,694
	<u>19,443</u>	<u>70,313</u>	<u>84,030</u>	<u>87,724</u>
Minimum lease payments:				
- not later than 1 year	1,740	5,853	6,692	6,692
- later than 1 year and not later than 5 years	6,960	23,411	26,770	26,770
- later than 5 years	15,660	60,930	76,019	82,711
	<u>24,360</u>	<u>90,194</u>	<u>109,481</u>	<u>116,173</u>
Less: unexpired finance charges	(4,917)	(19,881)	(25,451)	(28,449)
	<u>19,443</u>	<u>70,313</u>	<u>84,030</u>	<u>87,724</u>
Present value of finance lease obligations:				
- not later than 1 year	1,085	3,468	3,831	3,694
- later than 1 year and not later than 5 years	4,757	15,203	16,795	16,195
- later than 5 years	13,601	51,642	63,404	67,835
	<u>19,443</u>	<u>70,313</u>	<u>84,030</u>	<u>87,724</u>

Finance lease obligation is subject to fixed interest rate of 3.7% to 4.5% per annum (30 June 2016, 30 June 2015 and 1 July 2014: 3.7% to 4.5% per annum).

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

41. DEFERRED INCOME

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current				
Government grant	912	1,277	1,638	2,069
Current				
Deferred freight income	26,707	6,612	20,572	12,166
	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Current				
Deferred freight income	138	618	532	484

The government grants are received in relation to the purchase of property, plant and equipment and prepaid lease rentals of certain subsidiaries.

Significant changes of the deferred freight income during the financial years are as follows:

	GROUP		
	2017 RM'000	2016 RM'000	2015 RM'000
Revenue recognised that was included in the balance at the beginning of the period	6,612	20,572	12,166
Consideration received for freight services that are partially or fully unsatisfied at the end of the period	26,707	6,612	20,572
	COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000
Revenue recognised that was included in the balance at the beginning of the period	618	532	484
Consideration received for freight services that are partially or fully unsatisfied at the end of the period	138	618	532

Company No.

647766 V

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

42. TRADE AND OTHER PAYABLES

	GROUP			
	<u>30 June</u> <u>2017</u> RM'000	<u>30 June</u> <u>2016</u> RM'000	<u>30 June</u> <u>2015</u> RM'000	<u>1 July</u> <u>2014</u> RM'000
Non-current				
Other payables	8,915	1,514	4,291	6,709
Current				
Trade payables	735,782	689,503	673,140	399,058
Accruals	636,675	412,800	711,602	592,273
Interest payable	35,791	44,381	18,044	745
Financial guarantee contracts (Note 42(a))	692	629	281	281
Goods and services tax/value added tax payable	19,284	11,093	13,901	12,506
Other payables	344,492	456,741	420,227	309,426
	<u>1,772,716</u>	<u>1,615,147</u>	<u>1,837,195</u>	<u>1,314,289</u>

Company No.

647766 V

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

42. TRADE AND OTHER PAYABLES (CONTINUED)

	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Non-current				
Other payables	-	-	2,722	3,970
Financial guarantee contracts (Note 42(a))	60,870	85,507	-	-
Current				
Trade payables	92,670	85,646	108,401	151,261
Accruals	255,502	307,074	361,035	299,136
Interest payable	25,009	28,715	13,904	-
Financial guarantee contracts (Note 42(a))	12,056	10,880	8	281
Goods and services tax/value added tax payable	9,544	4,163	6,620	-
Other payables	112,147	94,532	129,624	114,082
	<u>506,928</u>	<u>531,010</u>	<u>619,592</u>	<u>564,760</u>

Credit terms for trade payables of the Group and of the Company range from 1 to 90 days (30 June 2016, 30 June 2015 and 1 July 2014: 1 to 90 days).

(a) Financial guarantee contracts

The gross financial guarantees provided by the Group and the Company at the end of the financial year are as follows:

	GROUP			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Guarantees in respect of credit facilities granted to:				
- joint ventures	25,901	28,060	6,588	14,897
- plasma stakeholders	69,268	61,568	79,157	61,524
	<u>95,169</u>	<u>89,628</u>	<u>85,745</u>	<u>76,421</u>
	COMPANY			
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	1 July 2014 RM'000
Guarantees in respect of credit facilities granted to:				
- joint ventures	25,901	28,060	6,588	14,897
- subsidiaries	958,905	1,425,381	-	-
	<u>984,806</u>	<u>1,453,441</u>	<u>6,588</u>	<u>14,897</u>

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

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

43. ACQUISITIONS

a) Acquisition of subsidiaries

On 23 May 2017, Sime Darby Plantation Berhad ("SDP") acquired two (2) ordinary shares, representing the entire equity issued and paid-up share capital of Sime Darby Global Berhad ("Sime Darby Global"), from Sime Darby Holdings Berhad for a total cash consideration of RM2.00. Principal activity of Sime Darby Global is that of a special purpose vehicle ("SPV") established for the issuance of multi-currency Islamic securities programme.

The acquisition is an acquisition of a liability, which is the Multi-currency Sukuk.

There were no acquisitions in the financial year ended 30 June 2016.

Acquisitions of subsidiaries by the Group for the financial year ended 30 June 2015 are as follows:

<u>Name of subsidiaries acquired</u>	<u>Purchase consideration in cash</u>	<u>Group's effective interest acquired</u> %	<u>Effective acquisition date</u>
Industrial Enterprises Co., Ltd ("IECL")	Nil*	99.9	11 September 2014
New Britain Palm Oil Limited ("NBPOL")	GBP1,083.6 million (equivalent to RM6,033.4 million)	100.0	2 March 2015

* The Company received cash amounting to THB0.9 million (equivalent to RM0.09 million) from Sub Sri Thai Public Company Limited (the seller) for the purchase of Industrial Enterprises Co., Ltd.

(i) Acquisition of IECL

The purchase price allocation ("PPA") arising from the acquisition of IECL was finalised during the financial year ended 30 June 2015 and the residual goodwill has been recognised accordingly. The finalised fair values are as follows:

	Fair value as at <u>11 September 2014</u> RM '000
Property, plant and equipment	84,053
Intangible assets	1,671
Borrowings	(73,016)
Deferred tax liabilities	(13,393)
Net current assets	<u>(7,685)</u>
Net liabilities acquired	(8,370)
Goodwill	<u>8,370</u>
Purchase consideration	-
Less: Cash and cash equivalents of subsidiary acquired	<u>(45)</u>
Net cash inflow on acquisition of subsidiary	<u>(45)</u>

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

43. ACQUISITIONS (CONTINUED)

a) Acquisition of subsidiaries (continued)

(ii) Acquisition of NBPOL

In October 2014, the Company made a full general offer to acquire all of the voting shares in NBPOL and on 2 March 2015, completed the purchase of NBPOL shares for a total consideration of approximately RM6.03 billion.

Revenue and profit attributable to equity holder of the Company from the date of acquisition, from the newly acquired subsidiaries is RM656 million and RM38 million respectively. If the acquisitions were effective on 1 July 2014, the Group's revenue and profit attributable to equity holder of the Company for the financial year ended 30 June 2015 would have been RM11,478 million and RM806 million respectively.

The valuation of material assets (land, building, plant and machinery and biological assets), and the identification and valuation of intangible assets and contingent liabilities of the subsidiaries acquired were determined by the Directors based on valuations carried out by independent professional firms, to arrive at the fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition.

As at 30 June 2015, the PPA exercise on the fair value of net assets acquired and the residual goodwill arising from acquisition of NBPOL was provisional. The Group completed the PPA during the financial year ended 30 June 2016, with no changes being made to the provisional fair value of net assets acquired and the residual goodwill amount arising from the acquisition. The finalised fair values are as follows:

	Fair value as at 2 March 2015 RM '000
Property, plant and equipment	5,104,809
Biological assets	44,801
Intangible assets	587,717
Borrowings	(886,441)
Deferred tax liabilities	(1,523,914)
Receivables	506,262
Net current assets	400,729
Net assets acquired	<u>4,233,963</u>
Non-controlling interests	(72,217)
Goodwill	<u>1,871,469</u>
Purchase consideration settled in cash	6,033,215
Less: Cash and cash equivalents of subsidiary acquired	(35,001)
Net cash outflow on acquisition of subsidiary	<u><u>5,998,214</u></u>

The goodwill of RM1,879 million arising from the acquisition of IECL and NBPOL during the financial year ended 30 June 2015 consists largely the significant synergies and economies of scale expected from combining the operations of the Group and the subsidiaries acquired.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

43. ACQUISITIONS (CONTINUED)

b) Acquisition of business

On 5 October 2016, the Group had entered into a Sale and Purchase agreement ("SPA") with Yong Peng Realty Sdn Bhd ("YPR") and Perusahaan Minyak Sawit Bintang Sendirian Berhad ("PMSB") to acquire the entire plantation business and assets of the companies.

The Group considers the acquisition of estates and oil mill as an acquisition of business and accordingly had accounted for the acquisition as a business combination under MFRS 3 "Business Combinations".

The valuation of material assets (land, building, bearer plant and plant and machinery) acquired were determined by the Directors based on valuations carried out by independent professional firms, to arrive at the fair value of the identifiable assets at the date of acquisition.

As at 30 June 2017, the Group had finalised the PPA arising from this acquisition and the corresponding finalised fair values as at the acquired date of net identifiable assets including residual goodwill recognised in the financial statements are as follows:

	Fair value as at 6 April 2017 RM'000
Property, plant and equipment (excluding bearer plants)	94,883
Bearer plants	8,500
Net assets acquired	<u>103,383</u>
Goodwill	<u>3,306</u>
Purchase consideration settled in cash, representing net cash outflow of acquisition	<u>106,689</u>

There were no acquisitions in the financial years ended 30 June 2015 and 30 June 2016.

Company No.

647766 V

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

44. DISPOSAL

There were no disposals in the financial years ended 30 June 2016 and 30 June 2017.

During the financial year ended 30 June 2015, the Group disposed of 55% of its share in its former wholly-owned subsidiary, Rizhao Sime Darby Oils & Fats Co. Ltd.

<u>Name of subsidiary</u>	<u>Disposal consideration</u>	<u>Group's effective interest disposed</u> %	<u>Effective disposal date</u>
Rizhao Sime Darby Oils & Fats Co. Ltd ("Rizhao")	RMB85.3 million	55	28 November 2014

Details of the assets, liabilities and net cash inflow arising from the disposal of subsidiary by the Group during the financial year ended 30 June 2015 are as follows:

	<u>Fair value</u> RM'000
Property, plant and equipment	60,537
Prepaid lease rentals	26,595
Other non-current assets	202
Inventories	851
Other non-current liabilities	<u>(2,942)</u>
Carrying amount of net assets disposed	85,243
Less: Loss on disposal of subsidiary	(638)
Less: Fair value of retained investment	<u>(38,072)</u>
Proceeds from disposal of subsidiary	<u>46,533</u>
Net cash inflow on disposal of subsidiary during the financial year	<u>46,533</u>

Following the disposal, Rizhao became a 45% joint venture of the Group via contractual arrangement.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)****45. SEGMENT INFORMATION**

The Company is a globally integrated plantation company which is involved in the entire span of the palm oil value chain, from upstream to downstream activities, research and development (R&D), renewables and agribusiness. The Group is also involved in rubber and sugar cane plantations as well as beef cattle industry.

The Group's management has determined the operating segments based on information reviewed by the Group's Plantation Management Committee ("PMC") which consists of the Group's Managing Director ("MD"), Group Chief Financial Officer ("CFO") and other key management personnel for the purposes of allocating resources and assessing performance.

Management separately evaluates the performance of the upstream segment by geographical locations. Although the Upstream Liberia segment does not meet the quantitative threshold as a reportable segment, the segment remains closely monitored by the PMC as it is considered to potentially contribute positively to the Group's results in the future.

The downstream segment is evaluated based on the nature of the products and services, specific expertise and technologies requirement of individual operating units. These operating units have been reported as a single segment as the disaggregation does not meet the quantitative thresholds for separate disclosures, and may exceed the practical limit of a reportable segment. The other business activities of the Group are excluded from the reportable operating segments due to the insignificance of the activities to the Group, and are combined and disclosed as other operations.

Segments comprised:

Upstream Malaysia	developing, cultivating and managing oil palm and rubber plantation estates and milling of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK), processing and sales of rubber
Upstream Indonesia	developing, cultivating and managing oil palm plantation estates and milling of FFB into CPO and PK
Upstream Papua New Guinea ("PNG")	developing, cultivating and managing oil palm, and sugar cane plantation estates; milling of FFB into CPO and PK, processing and sales of rubber and sugar cane; cattle rearing and beef production
Upstream Liberia	developing, cultivating and managing oil palm plantation estates and milling of FFB into CPO and PK
Downstream	production and sales of refined oils and fats (which includes specialty and end-user oils and fats); and production and sales of biodiesel products and derivatives
Other operations	other operations including trading of agricultural products and services, production and/or sale of oil palm seeds and seedlings, sales of oleochemical products, research and breeding programmes of oil palm and rubber with special focus on genome science; and renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting

Note:

- (i) Fresh fruit bunches (FFB), being the oil palm fruits which grow in bunches on oil palm trees, from which CPO, PK and CPKO are obtained.
- (ii) Crude palm oil (CPO), which is the oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

a) Segment results	2017							Inter-segment elimination	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	RM'000		
Segment revenue									
External	789,462	966,818	1,872,220	11,446	11,079,398	60,037	-	14,779,381	
Inter-segment	3,432,630	1,285,725	579,661	-	58,982	242,054	(5,599,252)	-	
	4,222,092	2,252,543	2,452,081	11,446	11,138,380	302,091	(5,599,252)	14,779,381	
Segment results	3,668,093	502,833	428,907	(322,239)	232,703	27,573	-	4,537,870	
Operating profit/(loss)	-	-	-	-	-	(82,535)	-	(82,535)	
Share of results of joint ventures and associates									
Profit/(loss) before interest and tax	3,668,093	502,833	428,907	(322,239)	232,703	(54,962)	-	4,455,335	
Finance income	10,460	12,739	128	-	3,862	20,297	-	47,486	
Finance costs	(434,560)	-	(12,573)	-	(9,823)	(14,902)	-	(471,858)	
Profit before tax	3,243,993	515,572	416,462	(322,239)	226,742	(49,567)	-	4,030,963	
Tax expense	(210,680)	(108,411)	(122,486)	-	(27,208)	(10,268)	-	(479,053)	
Profit for the financial year	3,033,313	407,161	293,976	(322,239)	199,534	(59,835)	-	3,551,910	

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

a) Segment results (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2017 (continued)</u>								
Included in the operating profit/(loss) are:								
Raw materials and consumables (Note 6(a))	484,411	727,382	233,613	1,750	3,175,853	28,386	-	4,651,395
Employee costs (Note 6(a))	994,450	619,163	622,503	45,429	236,304	81,278	-	2,599,127
Depreciation and amortisation (Note 6(a))	338,216	238,368	535,211	21,624	98,120	15,133	-	1,246,672
Impairment losses of property, plant and equipment and trade and other receivables (Note 6(e))	23	4,142	410	202,348	16,056	86	-	223,065
Reversal of impairment losses of receivables (Note 7)	-	(620)	-	-	-	-	-	(620)
(Gains)/losses on disposals of property, plant and equipment (Note 7)	(2,546,353)	(14,686)	339	-	(1,630)	(398)	-	(2,562,728)

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

a) Segment results (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016								
Segment revenue								
External	482,866	863,994	1,142,876	470	9,389,524	66,734	-	11,946,464
Inter-segment	2,958,939	897,595	294,253	-	19,023	277,616	(4,447,426)	-
	<u>3,441,805</u>	<u>1,761,589</u>	<u>1,437,129</u>	<u>470</u>	<u>9,408,547</u>	<u>344,350</u>	<u>(4,447,426)</u>	<u>11,946,464</u>
Segment results								
Operating profit/(loss)	973,348	133,023	(86,694)	(17,869)	220,827	45,323	-	1,267,958
Share of results of joint ventures and associates	-	-	-	-	-	(8,589)	-	(8,589)
Profit/(loss) before interest and tax	973,348	133,023	(86,694)	(17,869)	220,827	36,734	-	1,259,369
Finance income	6,273	13,337	-	-	3,171	20,982	-	43,763
Finance costs	(422,476)	-	(19,938)	-	(5,597)	(16,082)	-	(464,093)
Profit before tax	557,145	146,360	(106,632)	(17,869)	218,401	41,634	-	839,039
Tax (expense)/credit	(76,902)	267,987	9,662	-	(23,117)	(13,734)	-	163,896
Profit for the financial year	<u>480,243</u>	<u>414,347</u>	<u>(96,970)</u>	<u>(17,869)</u>	<u>195,284</u>	<u>27,900</u>	<u>-</u>	<u>1,002,935</u>

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

a) Segment results (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2016 (continued)</u>								
Included in the operating profit/(loss) are:								
Raw materials and consumables (Note 6(a))	208,824	290,857	208,651	579	3,140,062	8,996	-	3,857,969
Employee costs (Note 6(a))	982,067	617,079	386,737	12,307	196,484	66,906	-	2,261,580
Depreciation and amortisation (Note 6(a))	376,261	170,987	465,105	5,284	92,006	14,813	-	1,124,456
Impairment losses of property, plant and equipment, intangible assets and receivables (Note 6(e))	2,811	9,772	-	-	279	-	-	12,862
Reversal of impairment losses of receivables (Note 7)	-	-	(19,641)	-	-	-	-	(19,641)
Gains on disposals of property, plant and equipment and non-current assets held for sale (Note 7)	(214,127)	-	-	-	(1,382)	-	-	(215,509)

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

a) Segment results (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Segment revenue								
External	1,131,668	1,231,008	521,508	-	7,354,985	64,872	-	10,304,041
Inter-segment	2,460,832	777,863	-	-	6,913	268,499	(3,514,107)	-
	3,592,500	2,008,871	521,508	-	7,361,898	333,371	(3,514,107)	10,304,041
Segment results								
Operating profit/(loss)	880,995	462,163	132,502	(10,296)	69,514	36,039	-	1,570,917
Share of results of joint ventures and associates	-	-	-	-	-	(33,317)	-	(33,317)
Profit/(loss) before interest and tax	880,995	462,163	132,502	(10,296)	69,514	2,722	-	1,537,600
Finance income	8,808	56,320	10	-	1,318	19,061	-	85,517
Finance costs	(290,490)	(1,126)	(8,322)	-	(3,233)	(4,023)	-	(307,194)
Profit before tax	599,313	517,357	124,190	(10,296)	67,599	17,760	-	1,315,923
Tax expense	(70,865)	(101,121)	(29,709)	-	(20,774)	(62,008)	-	(284,477)
Profit for the financial year	528,448	416,236	94,481	(10,296)	46,825	(44,248)	-	1,031,446

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

a) Segment results (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015 (continued)								
Included in the operating profit/(loss) are:								
Raw materials and consumables (Note 6(a))	151,266	316,443	69,552	-	2,880,965	6,362	-	3,424,588
Employee costs (Note 6(a))	948,357	538,364	107,790	27,103	196,006	72,000	-	1,889,620
Depreciation and amortisation (Note 6(a))	362,481	190,625	133,271	9,965	85,105	16,557	-	798,004
Impairment losses of property, plant and equipment and receivables (Note 6(e))	-	2,394	-	-	14,494	-	-	16,888
Reversal of impairment losses of property, plant and equipment, trade and other receivables (Note 7)	-	-	-	-	-	(1,279)	-	(1,279)
Gains on disposals of property, plant and equipment (Note 7)	(300,389)	-	-	-	-	(100)	-	(300,489)

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

b) Segment assets and liabilities and additions to non-current assets

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>30 June 2017</u>								
Segment assets								
Operating assets	8,948,715	4,994,923	8,586,650	418,598	3,600,708	754,218	-	27,303,812
Joint ventures and associates	-	-	-	-	-	608,798	-	608,798
Assets held for sale	42,244	137,341	-	-	4,009	-	-	183,594
	8,990,959	5,132,264	8,586,650	418,598	3,604,717	1,363,016	-	28,096,204
Segment liabilities								
Liabilities	2,132,686	610,368	194,478	24,042	639,930	60,243	-	3,661,747
Liabilities directly associated with with non-current assets held for sale	-	15,395	-	-	-	-	-	15,395
	2,132,686	625,763	194,478	24,042	639,930	60,243	-	3,677,142
Additions to non-current assets are as follows:								
Capital expenditure	731,579	492,240	415,311	34,679	93,520	24,332	-	1,791,661

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

b) Segment assets and liabilities and additions to non-current assets (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2016								
Segment assets								
Operating assets	9,748,281	4,211,227	7,526,914	572,746	3,963,247	691,967	-	26,714,382
Joint ventures and associates	-	-	-	-	-	684,111	-	684,111
Assets held for sale	93	-	-	-	3,769	-	-	3,862
	9,748,374	4,211,227	7,526,914	572,746	3,967,016	1,376,078	-	27,402,355
Segment liabilities								
Liabilities	8,991,572	470,940	120,008	5,100	549,593	45,678	-	10,182,891
	8,991,572	470,940	120,008	5,100	549,593	45,678	-	10,182,891
Additions to non-current assets are as follows:								
Capital expenditure	598,873	414,293	256,526	104,034	63,353	35,959	-	1,473,038
Additions to interest in joint ventures and associates	-	-	-	-	-	3,682	-	3,682
	-	-	-	-	-	3,682	-	3,682

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

b) Segment assets and liabilities and additions to non-current assets (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>30 June 2015</u>								
Segment assets								
Operating assets	8,772,626	4,203,572	8,227,975	455,270	3,960,295	637,330	-	26,257,068
Joint ventures and associates	-	-	-	-	-	653,281	-	653,281
Assets held for sale	-	-	-	-	-	10,712	-	10,712
	8,772,626	4,203,572	8,227,975	455,270	3,960,295	1,301,323	-	26,921,061
Segment liabilities								
Liabilities	9,353,384	578,704	106,011	6,532	563,993	66,110	-	10,674,734
	9,353,384	578,704	106,011	6,532	563,993	66,110	-	10,674,734
Additions to non-current assets are as follows:								
Capital expenditure	677,524	316,643	44,710	75,657	61,326	24,936	-	1,200,796
Additions to interest in joint ventures and associates	-	-	-	-	-	90,597	-	90,597

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

45. SEGMENT INFORMATION (CONTINUED)

b) Segment assets and liabilities and additions to non-current assets (continued)

GROUP	Upstream Malaysia	Upstream Indonesia	Upstream PNG	Upstream Liberia	Downstream	Other operations	Inter- segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 July 2014								
Segment assets								
Operating assets	9,204,243	3,479,155	-	318,235	2,698,171	563,598	-	16,263,402
Joint ventures and associates	-	-	-	-	-	562,545	-	562,545
	9,204,243	3,479,155	-	318,235	2,698,171	1,126,143	-	16,825,947
Segment liabilities								
Liabilities	4,480,636	60,712	-	17,560	1,640,404	937,851	-	7,137,163
	4,480,636	60,712	-	17,560	1,640,404	937,851	-	7,137,163
Additions to non-current assets are as follows:								
Capital expenditure	417,244	287,242	-	116,805	40,288	19,492	-	881,071
Additions to interest in joint ventures and associates	-	-	-	-	-	85,563	-	85,563

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

45. SEGMENT INFORMATION (CONTINUED)

b) Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	1,755,048	1,409,135	1,145,532	842,444
Prepaid lease rentals	1,093	452	4,984	13,746
Biological assets	-	22,504	-	-
Intangible assets other than goodwill	35,520	40,947	50,280	24,881
	<u>1,791,661</u>	<u>1,473,038</u>	<u>1,200,796</u>	<u>881,071</u>

Reconciliations of segment assets and liabilities to total assets and total liabilities are as follows:

	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Assets				
Segment total	28,096,204	27,402,355	26,921,061	16,825,947
Tax assets	1,358,673	1,034,754	570,139	419,058
	<u>29,454,877</u>	<u>28,437,109</u>	<u>27,491,200</u>	<u>17,245,005</u>

	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Liabilities				
Segment total	3,677,142	10,182,891	10,674,734	7,137,163
Tax liabilities	2,863,386	2,556,105	2,427,686	813,294
Borrowings	7,737,927	5,522,365	4,776,704	598,679
Finance lease obligation	53,067	128,611	146,023	151,762
	<u>14,331,522</u>	<u>18,389,972</u>	<u>18,025,147</u>	<u>8,700,898</u>

c) Segment by geography

Revenue by location of customers is analysed as follows:

	2017	2016	2015
	RM'000	RM'000	RM'000
Malaysia	3,364,130	2,775,144	2,815,767
Europe	3,228,061	3,055,874	1,916,438
India	2,814,295	1,855,993	1,409,713
Indonesia	1,100,193	906,857	1,257,293
Other countries in South East Asia	1,915,184	1,643,414	1,534,191
South Africa	684,397	581,521	611,824
Papua New Guinea/Solomon Island	340,024	235,423	119,060
China	321,066	403,329	187,558
Liberia	11,446	470	605
Other countries	1,000,585	488,439	451,592
	<u>14,779,381</u>	<u>11,946,464</u>	<u>10,304,041</u>

Company No.

647766	V
--------	---

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

45. SEGMENT INFORMATION (CONTINUED)

c) Segment by geography (continued)

Non-current assets, other than financial instruments and tax assets, by location of the Group's operations are analysed as follows:

	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	9,486,852	9,435,733	9,155,358	8,860,491
Indonesia	4,264,694	3,847,856	3,402,366	2,609,622
Papua New Guinea/Solomon Island	7,563,198	7,601,537	7,493,879	-
Liberia	396,323	530,418	410,215	287,933
Other countries in South East Asia	282,362	259,630	248,218	128,407
China	34,866	26,999	37,077	77,332
Europe	494,207	491,876	328,454	369,363
South Africa	16,278	14,714	18,737	19,796
Other countries	89,043	15,180	17,811	16,787
	<u>22,627,823</u>	<u>22,223,943</u>	<u>21,112,115</u>	<u>12,369,731</u>

Reconciliations of non-current assets, other than financial instruments and tax assets to the total non-current assets are as follows:

	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Non-current assets other than financial instruments and tax assets	22,627,823	22,223,943	21,112,115	12,369,731
Available-for-sale-investments	110,389	109,004	89,001	79,658
Deferred tax assets	640,812	580,060	152,867	151,773
Tax recoverable	332,700	407,016	334,173	238,335
Receivables	82,802	412,612	352,386	335,701
	<u>23,794,526</u>	<u>23,732,635</u>	<u>22,040,542</u>	<u>13,175,198</u>

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

46. CONTINGENT LIABILITIES

Other than as disclosed in Notes 48 and 54(ii), there are no significant contingent liabilities as at the year end.

Company No.

647766 | V

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

47. COMMITMENTS

(a) Capital commitments

	GROUP			
	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted				
- bearer plants	-	-	2,058	2,864
- property, plant and equipment	269,941	210,181	183,458	299,641
Not contracted				
- bearer plants	867,759	1,074,313	937,597	268,448
- property, plant and equipment	107,084	394,309	418,579	1,489,986
	<u>1,244,784</u>	<u>1,678,803</u>	<u>1,541,692</u>	<u>2,060,939</u>

	COMPANY			
	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted				
- property, plant and equipment	44,597	19,458	49,867	89,520
Not contracted				
- bearer plants	61,120	311,958	263,596	-
- property, plant and equipment	13,112	42,362	61,328	390,115
	<u>118,829</u>	<u>373,778</u>	<u>374,791</u>	<u>479,635</u>

(b) Leases

The leases of the Group consist of land lease commitments and rental of assets.

	GROUP			
	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Commitments under non-cancellable operating leases:				
- Expiring not later than 1 year	14,167	6,947	12,211	4,693
- Expiring later than 1 year but not later than 5 years	43,167	25,110	46,634	5,420
- Expiring later than 5 years	130,854	178,211	182,158	7,888
	<u>188,188</u>	<u>210,268</u>	<u>241,003</u>	<u>18,001</u>

(c) Plasma plantation

The Group is committed to develop a total of 58,293 (30 June 2016: 56,099, 30 June 2015: 55,560, 1 July 2014: 58,158) hectares of oil palm plantation for plasma farmers in Indonesia. A total of 46,329 (30 June 2016: 45,801, 30 June 2015: 43,713, 1 July 2014: 42,714) hectares have been developed of which approximately 36,684 (30 June 2016: 36,408, 30 June 2015: 35,712, 1 July 2014: 35,560) hectares have been transferred/handed over to plasma farmers.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

48. MATERIAL LITIGATION

Material litigation against the Group are as follows:

a. PT Sajang Heulang ("PT SHE") vs. PT Anzawara Satria ("PT AS")

On 11 May 2006, PT SHE, a wholly-owned subsidiary, filed legal action against PT AS in the District Court of Kotabaru ("District Court"), claiming for the surrender of around 60 Ha of land forming part of the Right to Cultivate (Hak Guna Usaha) Certificate No. 35 dated 14 May 2002 ("HGU 35") belonging to PT SHE on which PT AS had allegedly carried out illegal coal mining activities.

On 5 December 2006, the District Court ruled in favour of PT AS and declared that HGU 35 was defective and had no force of law and that PT AS had the right to conduct mining activities on the said land ("District Court Decision"). PT SHE appealed to the Banjarmasin High Court against the District Court Decision. On 4 December 2007, the Banjarmasin High Court upheld the District Court Decision ("1st High Court Decision"). On 12 February 2008, PT SHE appealed to the Supreme Court of Indonesia ("Supreme Court") against the 1st High Court Decision. On 10 March 2011, the Supreme Court ruled in favour of PT AS and ordered PT SHE to surrender 2,000 Ha of land in Desa Bunati (in which the 60 Ha of land forming part of HGU 35 is located) to PT AS ("1st Judicial Review Decision").

Meanwhile, on 24 May 2006, PT AS claimed in the State Administration Court of Banjarmasin ("State Court") for an order that the mining rights held by PT AS superseded the HGU 35 held by PT SHE and that the said HGU 35 measuring around 2,128 Ha was improperly issued to PT SHE. On 26 September 2006, the State Court ruled in favour of PT SHE and dismissed PT AS's claim ("State Court Decision"). PT AS appealed to the Jakarta High Court of State Administration ("Jakarta High Court") against the State Court Decision. On 19 February 2007, the Jakarta High Court ruled in favour of PT AS and nullified PT SHE's HGU 35 ("2nd High Court Decision"). On 9 December 2009, PT SHE appealed to the Supreme Court against the 2nd High Court Decision. On 26 October 2010, the Supreme Court declared PT SHE as the lawful owner of HGU 35 ("2nd Judicial Review Decision").

On 7 November 2011, PT SHE filed judicial review proceedings ("3rd Judicial Review") before the Supreme Court seeking a decision on the conflicting decisions of the 1st Judicial Review Decision and 2nd Judicial Review Decision. On 28 December 2012, the Supreme Court dismissed the 3rd Judicial Review on the grounds that the application cannot be determined by another judicial review decision.

On 27 March 2013, PT AS commenced execution of the 1st Judicial Review Decision and in carrying out the execution proceedings, oil palms were cut down and buildings and infrastructure were destroyed, resulting in damages on around 1,500 Ha of land. On 23 April 2014, PT SHE filed a claim at the District Court of Batulicin against PT AS for the sum of IDR672.8 billion (equivalent to around RM216.0 million) for loss and/or damage caused by PT AS in executing the 1st Judicial Review Decision.

On 20 January 2015, the District Court of Batulicin decided in favour of PT SHE and awarded damages in the sum of IDR69.9 billion (equivalent to around RM22.4 million) to be paid by PT AS and on 13 February 2015 issued a written decision ("Batulicin District Court Decision"). On 29 January 2015, PT AS filed an appeal to the Banjarmasin High Court against the Batulicin District Court Decision.

On 19 November 2015, the Banjarmasin High Court ruled in favour of PT AS based on the grounds that the 1st Judicial Review Decision had been deliberated and decided by the Banjarmasin High Court and Supreme Court. Thus, PT SHE is not entitled to bring the same action before the District Court of Batulicin ("3rd High Court Decision").

On 22 February 2016, PT SHE filed an appeal to the Supreme Court against the 3rd High Court Decision. On 28 March 2016, PT AS filed its reply to PT SHE's appeal. As at the reporting date, the Supreme Court has yet to make a decision.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

48. MATERIAL LITIGATION (CONTINUED)

Material litigation against the Group are as follows (continued):

- b. New Britain Palm Oil Limited ("NBPOL") vs. Masile Incorporated Land Group ("Masile"), Rikau Incorporated Land Group ("Rikau") & Meloks Incorporated Land Group ("Meloks") (collectively, "Defendants")

On 30 August 2011 (prior to the acquisition of NBPOL by SD Plantation which was completed on 2 March 2015), NBPOL, a wholly-owned subsidiary, initiated three separate legal actions against the Defendants in the National Court of Justice at Waigani, Papua New Guinea ("Court"). All three actions relate to the same cause of action whereby the Defendants had defaulted in their obligations to surrender their Special Agricultural Business Leases ("SABL") to NBPOL for registration of the sub-leases despite having received benefits from NBPOL under the sub-lease agreements ("SLAs"), which include, rental paid by NBPOL for the land of 3,720 ha under the SABL ("Land"), royalties for the fresh fruit bunches harvested from the Land and 31,250 ordinary shares in NBPOL issued to each of the Defendants. NBPOL sought orders for specific performance requiring the Defendants to deliver to NBPOL their SABL to enable the sub-leases to be registered in accordance with the Land Registration Act 1981 of PNG.

By an amended statement of claim dated 3 November 2014, as an alternative to NBPOL's claim for specific performance of the Defendants to surrender their SABL, NBPOL claimed for compensation for costs incurred by NBPOL in developing the Land into an oil palm estate totalling around PGK30.7 million (equivalent to RM41.4 million), compensation for the appreciation of the value of the Land due to the development done by NBPOL and compensation for the 31,250 ordinary shares in NBPOL issued to each of the Defendants pursuant to the SLAs.

The Defendants in turn, via their defence and cross-claim and its subsequent amendments filed on 23 April 2012, 9 September 2012 and 11 December 2014, cross-claimed, among others, that the SLAs were unfair and inequitable, and should be declared invalid, void and of no effect as well as damages for environmental damage and trespass to property by NBPOL.

Trial relating to NBPOL's claims against Meloks was concluded on 2 November 2016. During the submissions stage, NBPOL advised the Court that it will not pursue the alternate reliefs of compensation claimed against Meloks. The Court reserved the decision to a date which has yet to be fixed. NBPOL's claims against Rikau and Masile are pending trial which the parties agreed to be decided after the decision on NBPOL's claims against Meloks is delivered by the Court.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

48. MATERIAL LITIGATION (CONTINUED)

Material litigation against the Group are as follows (continued):

- c. PT Mulia Agro Persada ("PT MAP") and PT Palma Sejahtera ("PT PS") vs. PT Minamas Gemilang ("PT MGG"), PT Anugerah Sumbermakmur ("PT ASM") and PT Indotruba Tengah ("PT ITH")

PT MGG and PT ASM, wholly-owned subsidiaries of the Group, and PT ITH, a subsidiary of the Group, are involved in a lawsuit brought by PT MAP and PT PS, on the legal basis of unlawful act for non-fulfilment of rights of PT MAP as a shareholder in PT ITH.

PT MGG and PT ASM are shareholders of PT ITH, each holding 25% equity interest.

PT MAP became the shareholder of PT ITH after purchasing 6,200 ordinary shares of PT ITH (representing 50% equity interest in PT ITH as of December 2008, which was funded by PT PS) from Yayasan Kartika Eka Paksi ("YKEP"). Once the former officer of YKEP for the term of 2004 to 2009 was dismissed, the newly elected officer of YKEP realised that the transfer of shares from YKEP to PT MAP is a violation of the prohibition for any direct or indirect transfer of assets of a foundation (Yayasan) to its affiliated parties. The former officer of YKEP who entered into the earlier sale was PT MAP's shareholder and member of the Board of Directors and Board of Commissioners. In response, the newly elected officer of YKEP tried to repurchase such shares which had already been sold to PT MAP with the same price as when PT MAP purchased it from YKEP. However, PT MAP refused such offer. YKEP then filed a lawsuit to invalidate and nullify this transfer of shares. On 31 May 2016, the Supreme Court had issued a decision that invalidated and nullified the transfer of the ordinary shares of PT ITH from YKEP to PT MAP ("Judicial Review Decision").

Despite the existence of the Judicial Review Decision, PT MAP and PT PS still filed a lawsuit seeking compensation from all defendants, individually or jointly and severally, which consist of (i) PT ITH as Defendant I; (ii) PT MGG as Defendant II; (iii) PT ASM as Defendant III; (iv) Razman Bin Abdul Rahman as Defendant IV; (v) Ir. Achmad Ansori, S.H as Defendant V; (vi) Minwar Hidayat as Defendant VI; (vii) Ismail Bin Ali as Defendant VII; (viii) Ir. Safwani as Defendant VIII; (ix) Hersuhasto as Defendant IX; (x) Ir. Kurniawanto Setiadi as Defendant X; and (xi) YKEP as Defendant XI, in the form of: (i) material damages (direct loss) in the amount of IDR247.0 billion (equivalent to RM79.3 million) with 3% interest of IDR137.2 billion (equivalent to RM44.0 million) per month, until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to RM80.3 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to RM160.5 million). The term "individually or jointly and severally" means that one or more defendants can be pursued to pay all amounts demanded. In other words, PT MAP and PT PS may recover all the damages from any of the defendants regardless of their individual share of the liability.

To that extent, South Jakarta District Court and Jakarta High Court, which previously adjudicated and examined this case, had rejected PT MAP and PT PS's lawsuit by referring to Judicial Review Decision. In response, PT MAP and PT PS filed an appeal to the Supreme Court. As at the reporting date, the Supreme Court has yet to make a decision.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

48. MATERIAL LITIGATION (CONTINUED)

Material litigation against the Group are as follows (continued):

d. Chantico Ship Management Ltd ("Chantico") vs. Sime Darby Unimills B. V. ("SD Unimills")

SD Unimills, a wholly-owned subsidiary of SD Plantation, is involved in a litigation in respect of a vessel known as the mv Geraki (formerly known as mv Cap Thanos). The voyage of this vessel was interrupted in Greece while it was carrying vegetable oils for 9 different cargo owners (7 European cargo owners and 2 Algerian cargo owners), 1 of which is SD Unimills. The percentage of SD Unimills' cargo on board was about 14.4%. The vessel owners declared themselves as being unable to continue with the voyage to Bejaia, Barcelona, Lisbon and Rotterdam due to financial reasons, and the vessel was anchored in Psachna, Greece. The cargo owners disembarked and sold the cargo. In the meantime, the vessel was sold to Chantico by the vessel owners. The disembarkment and sale of the cargo by the cargo owners resulted in various claims and litigation between Chantico and the cargo owners before the Court of Piraeus in Greece.

The following 2 lawsuits are still pending:

- (i) Proceedings before the Court of Piraeus, started in October 2014 ("Lawsuit 1"), which replaced the previous proceedings that commenced in 2012. A writ was served on only 2 European cargo owners so far, which does not include SD Unimills. The claims are based on alleged actions in tort (i.e. alleged delay of discharge of cargo) and the total amount claimed from all 9 cargo owners is EUR11.3 million (equivalent to RM56.7 million). In addition, Chantico claimed a storage fee from each cargo owner based on Chantico's alleged management of cargo owner's assets, and the total amount claimed from SD Unimills is EUR8.4 million (equivalent to RM42.2 million). Upon request of the parties, the Court adjourned the hearing of 7 March 2017 with no appointed date for resumption. To revive the proceedings, Chantico has to serve a writ on all cargo owners; and
- (ii) Proceedings before the Court of Piraeus, started in December 2015 ("Lawsuit 2") and filed against the same 9 cargo owners, including SD Unimills, and a third party. As at the reporting date, no writ has been served on any of the cargo owners. The claim in these proceedings is based on alleged damage to the vessel and loss of profit caused by alleged actions in tort during transshipment and heating of the cargo. The claim against the 9 cargo owners and the third party amounts to EUR9.3 million (equivalent to around RM46.7 million) and an additional claim was filed against all cargo owners of EUR380,000 (equivalent to RM1.9 million) for port and anchorage dues. Similarly, in these proceedings, the Court adjourned the hearing of 7 March 2017 with no appointed date for resumption. There has been no progress since then and Chantico will have to incur considerable costs in order to revive the proceedings.

Settlement negotiations in respect of Lawsuit (i) and Lawsuit (ii) thus far have not led to fruitful results.

The cargo underwriters for the 7 European cargo owners, including SD Unimills, had in January 2014 raised doubts on coverage under the cargo insurance certificates for the claims under Lawsuit (i) and Lawsuit (ii), but are prepared to contribute to a settlement with a total sum of EUR583,000 (equivalent to RM2.9 million) for the 7 European cargo owners, of which SD Unimills' share is 27.25%. The appointed Greek lawyer is of the opinion that the storage fee claim in Lawsuit (i) will be unsuccessful. He estimates the exposure of SD Unimills at EUR389,060 (equivalent to RM2.0 million) for Lawsuit (i) and EUR18,087 (equivalent to RM91,000) for Lawsuit (ii).

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS

The immediate, penultimate and ultimate holding companies of the Group are Sime Darby Berhad ("SDB"), Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB"), all of which are incorporated in Malaysia.

Transactions entered into for the respective financial years under review, with companies in which PNB and YPB have significant interest, include the sales and purchases of goods and services.

These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions and do not require the approval of shareholders except for the purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad group, which is the subsidiary of PNB.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances:

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
(a) Transactions with fellow subsidiaries						
(i) Payroll, accounting and IT processing costs - Sime Darby Global Services Centre Sdn Bhd	58,737	50,908	50,899	27,173	22,610	23,657
(ii) Commission on purchase of FFB and sale of palm products - Sime Darby Holdings Berhad	44,129	48,947	46,383	30,664	34,894	61,847
(iii) Management fee expenses - Sime Darby Holdings Berhad	39,988	29,909	31,827	39,988	29,909	31,827
(iv) Interest expenses - Sime Darby Holdings Berhad	359,858	369,453	263,098	359,858	369,453	263,098
(v) Corporate social responsibility donation paid - Yayasan Sime Darby	70,500	32,450	25,037	43,535	18,500	10,000
(vi) Purchase of heavy equipments, spare parts and services - Sime Darby Industrial Holdings Sdn Bhd - Sime Kubota Sdn Bhd	41,993 9,042	40,047 5,593	43,515 13,859	17,098 8,323	14,913 5,593	21,564 13,859
(vii) Internal audit fees - Sime Darby Holdings Berhad	11,883	10,753	13,346	9,016	7,608	9,799
(viii) Purchase of chemicals and fertilisers - Chemical Company of Malaysia Berhad Group	20,671	121,585	87,270	-	54,683	17,356

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Significant related party transactions negotiated on terms and conditions agreed by the respective contracting parties were as follows (continued):

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
(a) Transactions with fellow subsidiaries (continued)						
(ix) Gain on sale of land						
- Sime Darby Elmina Development Sdn Bhd	-	-	212,460	-	-	-
- Sime Darby Property Berhad	-	209,628	-	-	-	-
- Kumpulan Sime Darby Berhad	<u>2,468,521</u>	<u>-</u>	<u>-</u>	<u>2,311,371</u>	<u>-</u>	<u>-</u>
The purchase consideration for the sale of lands to Sime Darby Elmina Development Sdn Bhd amounting to RM221.6 million, to Sime Darby Property Berhad amounting to RM215.7 million and to Kumpulan Sime Darby Berhad amounting to RM2,503 million, were arrived at after considering their market values as determined by independent external professional valuers.						
(b) Transactions with immediate holding company						
(i) Dividend payable	900,000	700,000	600,000	900,000	700,000	600,000
(ii) Payment on behalf	<u>956,320</u>	<u>79,487</u>	<u>252,724</u>	<u>956,320</u>	<u>79,989</u>	<u>252,222</u>
(c) Transactions with joint venture						
(i) Sale of goods and tolling services						
- Emery Oleochemicals (M) Sdn Bhd	<u>39,348</u>	<u>51,075</u>	<u>48,763</u>	<u>35,630</u>	<u>47,635</u>	<u>43,435</u>
(d) Transactions with subsidiaries						
(i) Sales of goods						
- Sime Darby Latex Sdn Bhd	-	-	-	-	-	10,226
- Sime Darby Kempas Sdn Bhd	-	-	-	93,946	24,102	41,630
- The China Engineers (Malaysia) Sdn Bhd	-	-	-	56,614	38,172	46,023
- Sime Darby Futures Trading Sdn Bhd	-	-	-	103,270	263,439	278,503
- Sime Darby Biodiesel Sdn Bhd	-	-	-	151,279	116,440	121,211
- Sime Darby Unimills BV	-	-	-	249,502	177,358	101,012
- Sime Darby Edible Products Limited	-	-	-	-	-	4,197
- Sime Darby Foods & Beverages Marketing Sdn Bhd	-	-	-	103,176	91,009	95,110
- Sime Darby Hudson & Knight (Proprietary) Limited	-	-	-	10,501	8,670	10,353
(ii) Research expenses						
- Sime Darby Technology Centre Sdn Bhd	-	-	-	31,943	41,034	23,395
- Sime Darby Research Sdn Bhd	-	-	-	62,770	62,327	65,928
- Sime Darby Biotech Laboratories Sdn Bhd	-	-	-	5,024	-	-
(iii) Commission on purchase of FFB and sale of palm products						
- Sime Darby Futures Trading Sdn Bhd	-	-	-	12,278	-	-

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Significant related party transactions negotiated on terms and conditions agreed by the respective contracting parties were as follows (continued):

	GROUP			COMPANY		
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
(d) Transactions with subsidiaries (continued)						
(iv) Tolling fees						
- Sime Darby Plantation IT Sdn Bhd (fka Sime Darby Jomalina Sdn Bhd)	-	-	-	13,481	52,464	49,583
(v) Management fee income						
- Sime Darby Plantation (Sabah) Sdn Bhd	-	-	-	13,772	13,774	13,783
- Sime Darby Plantation (Sarawak) Sdn Bhd	-	-	-	9,050	9,050	9,069
- The China Engineers (Malaysia) Sdn Bhd	-	-	-	4,387	4,787	4,804
(vi) Interest income						
- Mulligan International BV	-	-	-	5,317	5,354	15,897
- Sime Darby Plantation (Sarawak) Sdn Bhd	-	-	-	3,527	6,616	1,584
- Gulthrie Industries (Malaysia) Sdn Bhd	-	-	-	7,155	7,378	1,726
(vii) Purchases of goods						
- Sanguine (Malaysia) Sdn Bhd	-	-	-	10,413	12,410	15,638
- The China Engineers (Malaysia) Sdn Bhd	-	-	-	204,602	171,373	76,192
- Sime Darby Plantation (Sabah) Sdn Bhd	-	-	-	35,479	26,613	-
- Sime Darby Futures Trading Sdn Bhd	-	-	-	15,904	11,874	1,561
- Sime Darby Agri-Bio Sdn Bhd	-	-	-	70,578	88,351	98,199
- Sime Darby Plantation (Sarawak) Sdn Bhd	-	-	-	30,754	28,834	-
- Sime Darby Austral Sdn Bhd	-	-	-	10,162	-	22,553
(viii) Dividend income						
- Sime Darby Austral Holdings Berhad	-	-	-	39,819	-	-
- Sime Darby Plantation (Sarawak) Sdn Bhd	-	-	-	46,250	-	-
- Sime Darby Seeds & Agricultural Services Sdn Bhd	-	-	-	-	8,275	11,650
- Sanguine (Malaysia) Sdn Bhd	-	-	-	108,391	78,545	224,832
- Sime Darby Plantation (Sabah) Sdn Bhd	-	-	-	91,368	160,511	-
- Sime Darby Plantation IT Sdn Bhd (fka Sime Darby Jomalina Sdn Bhd)	-	-	-	-	104,200	-
- Sime Darby Biodiesel Sdn Bhd	-	-	-	-	17,250	-
- Sime Darby Agri-Bio Sdn Bhd	-	-	-	23,310	-	17,100
- The China Engineers (Malaysia) Sdn Bhd	-	-	-	62,608	29,467	-

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Significant related party transactions negotiated on terms and conditions agreed by the respective contracting parties were as follows (continued):

(e) Significant non-cash transactions

As part of the pre-listing restructuring exercise as set out in Note 1 to the financial statements, the significant non-cash related party transactions as set out below were entered into during the financial year ended 30 June 2017 to settle against the amount due to Sime Darby Holdings Berhad, a fellow subsidiary of the Company:

	GROUP/COMPANY
	<u>2017</u>
	RM'000
(i) Assignment of Multi-currency Sukuk from Sime Darby Holdings Berhad (Note 39(c))	738,959
(ii) Novation of Perpetual Sukuk from SDB (Note 36)	2,228,660
(iii) Proceeds from sales of MVV Land 1 to Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of SDB (Note 49 (a)(ix))	<u>2,503,000</u>

(f) Directors' and key management's remuneration

	GROUP/COMPANY		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000
Remuneration of key management personnel			
The aggregate amount of emoluments received/receivable by key management personnel of the Group and the Company during the financial years are as follows:			
- Salary and allowances	11,633	7,761	9,737
- Bonus	2,854	2,782	4,243
- Defined contribution plans	1,825	1,454	1,929
	<u>16,312</u>	<u>11,997</u>	<u>15,909</u>

Key management personnel comprise all Plantation Management Committee members, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

(g) The outstanding balances with holding and related companies within the SDB Group are shown in Note 29. The significant outstanding balances with other related parties are as follows:

	GROUP			
	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from joint ventures				
- Emery Oleochemicals (M) Sdn Bhd	8,897	9,160	10,409	9,400
- Guangzhou Keylink Chemicals Co., Ltd	21,793	27,753	23,018	7,989

	COMPANY			
	30 June 2017	30 June 2016	30 June 2015	1 July 2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from joint ventures				
- Emery Oleochemicals (M) Sdn Bhd	8,897	9,160	10,409	9,400
- Guangzhou Keylink Chemicals Co., Ltd	17,455	24,436	23,018	7,989

All outstanding balances are unsecured and repayable within the normal credit periods.

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

50. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

Financial assets and financial liabilities are categorised as follows:

GROUP - 30 June 2017	Derivatives	Fair value	Loans and	Available-	Total
	used for hedging	through the profit or loss - held for trading	receivables at amortised cost	for-sale financial assets	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	110,389	110,389
Trade and other receivables	-	-	82,802	-	82,802
CURRENT ASSETS					
Trade and other receivables	-	-	2,146,076	-	2,146,076
Amounts due from subsidiaries	-	-	43,031	-	43,031
Derivatives	8,019	48,165	-	-	56,184
Bank balances, deposits and cash	-	-	713,448	-	713,448
Total financial assets	8,019	48,165	2,985,357	110,389	3,151,930
	Derivatives	Fair value	Financial	Financial	Total
	used for hedging	through the profit or loss - held for trading	guarantee contracts	liabilities at amortised costs	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	6,412,478	6,412,478
Other payables	-	-	-	8,915	8,915
CURRENT LIABILITIES					
Trade and other payables	-	-	692	1,752,740	1,753,432
Borrowings	-	-	-	1,325,449	1,325,449
Amount due to immediate holding company	-	-	-	145,392	145,392
Amounts due to fellow subsidiaries	-	-	-	1,441,523	1,441,523
Derivatives	10,794	16,938	-	-	27,732
Total financial liabilities	10,794	16,938	692	11,086,497	11,114,921

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

GROUP - 30 June 2016	Derivatives	Fair value	Loans and	Available-	Total
	used for	through the	receivables	for-sale	
	hedging	profit or loss	at amortised	financial	
	RM'000	- held for	cost	assets	RM'000
		trading			
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	109,004	109,004
Trade and other receivables	-	-	412,612	-	412,612
CURRENT ASSETS					
Trade and other receivables	-	-	1,772,826	-	1,772,826
Amounts due from fellow subsidiaries	-	-	76,244	-	76,244
Available-for-sale investments	-	-	-	13,705	13,705
Derivatives	6,992	17,132	-	-	24,124
Bank balances, deposits and cash	-	-	636,340	-	636,340
Total financial assets	6,992	17,132	2,898,022	122,709	3,044,855
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	4,551,977	4,551,977
Amounts due to a fellow subsidiary	-	-	-	7,477,346	7,477,346
Other payables	-	-	-	1,514	1,514
CURRENT LIABILITIES					
Trade and other payables	-	-	629	1,603,425	1,604,054
Borrowings	-	-	-	970,388	970,388
Amount due to immediate holding company	-	-	-	705,759	705,759
Amounts due to fellow subsidiaries	-	-	-	101,835	101,835
Derivatives	42,605	6,706	-	-	49,311
Total financial liabilities	42,605	6,706	629	15,412,244	15,462,184

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

GROUP - 30 June 2015	Derivatives	Fair value	Loans and	Available-	Total
	used for hedging	through the profit or loss - held for trading	receivables at amortised cost	for-sale financial assets	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	89,001	89,001
Trade and other receivables	-	-	352,386	-	352,386
CURRENT ASSETS					
Trade and other receivables	-	-	2,015,153	-	2,015,153
Amounts due from fellow subsidiaries	-	-	227,829	-	227,829
Available-for-sale investments	-	-	-	14,207	14,207
Derivatives	358	12,710	-	-	13,068
Bank balances, deposits and cash	-	-	1,102,415	-	1,102,415
Total financial assets	358	12,710	3,697,783	103,208	3,814,059
Financial liabilities					
	Derivatives	Fair value	Financial	Financial	Total
	used for hedging	through the profit or loss - held for trading	guarantee contracts	liabilities at amortised costs	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	3,592,019	3,592,019
Amounts due to a fellow subsidiary	-	-	-	700,000	700,000
Other payables	-	-	-	4,291	4,291
CURRENT LIABILITIES					
Trade and other payables	-	-	281	1,823,013	1,823,294
Borrowings	-	-	-	1,184,685	1,184,685
Amount due to immediate holding company	-	-	-	395,246	395,246
Amounts due to fellow subsidiaries	-	-	-	7,508,618	7,508,618
Derivatives	17,214	14,318	-	-	31,532
Total financial liabilities	17,214	14,318	281	15,207,872	15,239,685

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

GROUP - 1 July 2014	Derivatives	Fair value	Loans and	Available-	Total
	used for hedging	through the profit or loss - held for trading	receivables at amortised cost	for-sale financial assets	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	79,658	79,658
Trade and other receivables	-	-	335,701	-	335,701
CURRENT ASSETS					
Trade and other receivables	-	-	1,613,916	-	1,613,916
Amounts due from fellow subsidiaries	-	-	231,786	-	231,786
Available-for-sale investments	-	-	-	20,449	20,449
Derivatives	1,490	8,870	-	-	10,360
Bank balances, deposits and cash	-	-	1,189,310	-	1,189,310
Total financial assets	1,490	8,870	3,370,713	100,107	3,481,180
FINANCIAL LIABILITIES					
	Derivatives	Fair value	Financial	Financial	Total
	used for hedging	through the profit or loss - held for trading	guarantee contracts	liabilities at amortised costs	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	460,000	460,000
Amounts due to fellow subsidiaries	-	-	-	1,175,537	1,175,537
Other payables	-	-	-	6,709	6,709
CURRENT LIABILITIES					
Trade and other payables	-	-	281	1,301,502	1,301,783
Borrowings	-	-	-	138,679	138,679
Amount due to immediate holding company	-	-	-	647,970	647,970
Amounts due to fellow subsidiaries	-	-	-	3,824,949	3,824,949
Derivatives	162	5,345	-	-	5,507
Total financial liabilities	162	5,345	281	7,555,346	7,561,134

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

COMPANY - 30 June 2017	Derivatives	Fair value	Loans and	Available-	Total
	used for	through the	receivables	for-sale	
	hedging	profit or loss	at amortised	financial	
	RM'000	- held for	cost	assets	RM'000
		trading			
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	26,733	26,733
Amounts due from subsidiaries	-	-	102,664	-	102,664
CURRENT ASSETS					
Trade and other receivables	-	-	312,892	-	312,892
Amounts due from subsidiaries	-	-	531,837	-	531,837
Amounts due from fellow subsidiaries	-	-	2,226	-	2,226
Derivatives	785	28,592	-	-	29,377
Bank balances, deposits and cash	-	-	104,153	-	104,153
Total financial assets	785	28,592	1,053,772	26,733	1,109,882
	Derivatives	Fair value	Financial	Financial	Total
	used for	through the	guarantee	liabilities at	
	hedging	profit or loss	contracts	amortised	
	RM'000	- held for		costs	RM'000
		trading			
NON-CURRENT LIABILITIES					
Amount due to a subsidiary	-	-	-	525,958	525,958
Borrowings	-	-	-	5,276,209	5,276,209
Other payables	-	-	60,870	-	60,870
CURRENT LIABILITIES					
Trade and other payables	-	-	12,056	485,328	497,384
Borrowings	-	-	-	363,826	363,826
Amount due to immediate holding company	-	-	-	145,392	145,392
Amounts due to subsidiaries	-	-	-	624,643	624,643
Amounts due to fellow subsidiaries	-	-	-	1,423,840	1,423,840
Derivatives	2,082	3,015	-	-	5,097
Total financial liabilities	2,082	3,015	72,926	8,845,196	8,923,219

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

COMPANY - 30 June 2016	Derivatives	Fair value	Loans and	Available-	Total
	used for	through the	receivables	for-sale	
	hedging	profit or loss	at amortised	financial	
	RM'000	- held for	cost	assets	RM'000
		trading			
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	18,723	18,723
Amounts due from subsidiaries	-	-	101,226	-	101,226
CURRENT ASSETS					
Trade and other receivables	-	-	291,318	-	291,318
Amounts due from subsidiaries	-	-	493,369	-	493,369
Amounts due from fellow subsidiaries	-	-	386	-	386
Derivatives	2,728	15,241	-	-	17,969
Bank balances, deposits and cash	-	-	7,136	-	7,136
Total financial assets	2,728	15,241	893,435	18,723	930,127
NON-CURRENT LIABILITIES					
Amount due to a fellow subsidiary	-	-	-	7,477,346	7,477,346
Borrowings	-	-	-	3,570,065	3,570,065
Other payables	-	-	85,507	-	85,507
CURRENT LIABILITIES					
Trade and other payables	-	-	10,880	515,967	526,847
Borrowings	-	-	-	110,000	110,000
Amount due to immediate holding company	-	-	-	705,759	705,759
Amounts due to subsidiaries	-	-	-	320,915	320,915
Amounts due to fellow subsidiaries	-	-	-	83,591	83,591
Derivatives	41,300	4,955	-	-	46,255
Total financial liabilities	41,300	4,955	96,387	12,783,643	12,926,285

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

	Derivatives used for hedging	Fair value through the profit or loss - held for trading	Loans and receivables at amortised cost	Available- for-sale financial assets	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
COMPANY - 30 June 2015					
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	17,644	17,644
Amounts due from subsidiaries	-	-	115,752	-	115,752
CURRENT ASSETS					
Trade and other receivables	-	-	258,249	-	258,249
Amounts due from subsidiaries	-	-	1,307,371	-	1,307,371
Amounts due from fellow subsidiaries	-	-	207,440	-	207,440
Derivatives	-	4,760	-	-	4,760
Bank balances, deposits and cash	-	-	43,371	-	43,371
Total financial assets	-	4,760	1,932,183	17,644	1,954,587
	Derivatives used for hedging	Fair value through the profit or loss - held for trading	Financial guarantee contracts	Financial liabilities at amortised costs	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Amount due to a fellow subsidiary	-	-	-	700,000	700,000
Borrowings	-	-	-	3,485,135	3,485,135
Other payables	-	-	-	2,722	2,722
CURRENT LIABILITIES					
Trade and other payables	-	-	8	612,964	612,972
Borrowings	-	-	-	90,000	90,000
Amount due to immediate holding company	-	-	-	395,748	395,748
Amounts due to subsidiaries	-	-	-	278,994	278,994
Amounts due to fellow subsidiaries	-	-	-	7,490,784	7,490,784
Derivatives	6,879	6,040	-	-	12,919
Total financial liabilities	6,879	6,040	8	13,056,347	13,069,274

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows (continued):

COMPANY - 1 July 2014	Derivatives	Fair value	Loans and	Available-	Total
	used for hedging	through the profit or loss - held for trading	receivables at amortised cost	for-sale financial assets	
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	27,968	27,968
Amounts due from subsidiaries	-	-	580,950	-	580,950
CURRENT ASSETS					
Trade and other receivables	-	-	414,782	-	414,782
Amounts due from subsidiaries	-	-	483,927	-	483,927
Amounts due from fellow subsidiaries	-	-	231,562	-	231,562
Derivatives	3,164	45	-	-	3,209
Bank balances, deposits and cash	-	-	146,937	-	146,937
Total financial assets	3,164	45	1,858,158	27,968	1,889,335
NON-CURRENT LIABILITIES					
Amount due to a fellow subsidiary	-	-	-	700,000	700,000
Borrowings	-	-	-	460,000	460,000
Other payables	-	-	-	3,970	3,970
CURRENT LIABILITIES					
Trade and other payables	-	-	281	564,479	564,760
Borrowings	-	-	-	40,000	40,000
Amount due to immediate holding company	-	-	-	647,970	647,970
Amounts due to subsidiaries	-	-	-	506,778	506,778
Amounts due to fellow subsidiaries	-	-	-	3,551,008	3,551,008
Derivatives	8	1,203	-	-	1,211
Total financial liabilities	8	1,203	281	6,474,205	6,475,697

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Income, expenses, gains and losses on financial instruments

Income, expenses, gains and losses on the financial instruments are as follows:

	Fair value through the profit and loss -held for trading					Available- for-sale financial assets RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
	Derivatives used for hedging Forward RM'000	Forward foreign exchange contracts RM'000	Commodities forward contracts RM'000	Interest rate swap RM'000	Loans and receivables RM'000			
GROUP - 2017								
Operating expenses								
- impairment of trade and other receivables	-	-	-	-	(12,887)	-	-	(12,887)
- bad debts written off	-	-	-	-	(10,274)	-	-	(10,274)
Other operating income								
- reversal of impairment of trade and other receivables	-	-	-	-	620	-	-	620
Other gains and losses								
- net change in fair value	25,430	(2,878)	23,725	-	-	-	-	46,277
Finance income								
Finance costs	-	-	-	-	47,486	-	-	47,486
Other comprehensive (loss)/income:								
- net change in fair value	(6,809)	-	-	39,002	-	(1,983)	-	30,210
At 30 June 2017	18,621	(2,878)	23,725	39,002	24,945	(1,983)	(525,016)	(423,584)

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Income, expenses, gains and losses on financial instruments (continued)

Income, expenses, gains and losses on the financial instruments are as follows (continued):

	Fair value through the profit and loss -held for trading						Total RM'000	
	Derivatives used for hedging	Forward foreign exchange contracts	Forward foreign exchange contracts	Commodities forward contracts	Interest rate swap	Loans and receivables		Available-for-sale financial assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP - 2016								
Operating expenses								
- impairment of trade and other receivables	-	-	-	-	-	(9,772)	-	-
- bad debts written off	-	-	-	-	-	(4,575)	-	-
Other operating income								
- reversal of impairment of trade and other receivables	-	-	-	-	-	19,641	-	-
Other gains and losses								
- net change in fair value	9,293	3,476	6,162	-	-	-	-	-
Finance income	-	-	-	-	-	43,763	-	-
Finance costs	-	-	-	-	2,396	-	-	(545,538)
Other comprehensive income/(loss):								
- net change in fair value	12,218	-	-	-	(40,268)	-	18,438	-
At 30 June 2016	21,511	3,476	6,162	(37,872)	49,057	18,438	(545,538)	(484,766)

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Income, expenses, gains and losses on financial instruments (continued)

Income, expenses, gains and losses on the financial instruments are as follows (continued):

	Fair value through the profit and loss -held for trading						Available- for-sale financial assets RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
	Derivatives used for hedging RM'000	Forward foreign exchange contracts RM'000	Forward foreign exchange contracts RM'000	Commodities forward contracts RM'000	Interest rate swap receivables RM'000	Loans and receivables RM'000			
GROUP - 2015									
Operating expenses									
- impairment of trade and other receivables	-	-	-	-	(2,394)	-	-	-	(2,394)
- bad debts written off	-	-	-	-	(903)	-	-	-	(903)
Other operating income									
- reversal of impairment of trade and other receivables	-	-	-	-	524	-	-	-	524
Other gains and losses									
- net change in fair value	(7,342)	(6,695)	3,958	-	-	-	-	-	(10,079)
Finance income									
Finance costs	-	-	-	-	85,517	-	-	-	85,517
	-	-	-	(2,396)	-	-	(328,209)	-	(330,605)
Other comprehensive loss:									
- net change in fair value	(10,842)	-	-	-	-	(16,587)	-	-	(27,429)
At 30 June 2015	(18,184)	(6,695)	3,958	(2,396)	82,744	(16,587)	(328,209)		(285,369)

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Income, expenses, gains and losses on financial instruments (continued)

Income, expenses, gains and losses on the financial instruments are as follows (continued):

	Fair value through the profit and loss -held for trading							Total RM'000
	Derivatives used for hedging	Forward foreign exchange contracts	Forward foreign exchange contracts	Commodities forward contracts	Interest rate swap	Loans and receivables	Available- for-sale financial assets	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COMPANY - 2017								
Operating expenses								
- impairment of trade and other receivables	-	-	-	-	-	(2,710)	-	(2,710)
- impairment of intercompany balances	-	-	-	-	-	(3,433)	-	(3,433)
- bac debts written off	-	-	-	-	-	(15)	-	(15)
Other operating income								
- reversal of impairment of intercompany balances	-	-	-	-	-	651	-	651
Other gains and losses								
- net change in fair value	513	43	13,494	-	-	-	-	14,050
Finance income	-	-	-	-	-	18,950	-	18,950
Finance costs	-	-	-	-	-	-	(473,525)	(473,525)
Other comprehensive income :								
- net change in fair value	2,064	-	-	-	39,002	-	8,010	49,076
At 30 June 2017	2,577	43	13,494	39,002	13,443	8,010	(473,525)	(396,956)

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Income, expenses, gains and losses on financial instruments (continued)

Income, expenses, gains and losses on the financial instruments are as follows (continued):

	Fair value through the profit and loss -held for trading							Total RM'000	
	Derivatives used for hedging		Commodities forward contracts		Interest rate swap	Loans and receivables	Available-for-sale financial assets		Financial liabilities at amortised costs
	Forward foreign exchange contracts	Forward foreign exchange contracts	RM'000	RM'000					
COMPANY - 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Operating expenses									
- impairment of trade and other receivables	-	-	-	-	-	(6)	-	(6)	
- impairment of intercompany balances	-	-	-	-	-	(8,803)	-	(8,803)	
- bad debts written off	-	-	-	-	-	(1)	-	(1)	
Other operating income									
- reversal of impairment of intercompany balances	-	-	-	-	-	906	-	906	
- reversal of impairment of trade and other receivables	-	-	-	-	-	61	-	61	
Other gains and losses									
- net change in fair value	2,807	(1,683)	7,503	-	-	-	-	8,627	
Finance income	-	-	-	-	-	23,699	-	23,699	
Finance costs	-	-	-	2,396	-	-	(470,185)	(467,789)	
Other comprehensive income :									
- net change in fair value	4,720	-	-	(40,268)	-	-	1,079	(34,469)	
At 30 June 2016	7,527	(1,683)	7,503	(37,872)	15,856	1,079	(470,185)	(477,775)	

SIME DARBY PLANTATION BERHAD
(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Income, expenses, gains and losses on financial instruments (continued)

Income, expenses, gains and losses on the financial instruments are as follows (continued):

COMPANY - 2015	Fair value through the profit and loss -held for trading					Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
	Derivatives used for hedging	Forward foreign exchange contracts	Commodities forward contracts	Interest rate swap	RM'000				
Operating expenses	-	-	-	-	-	(263)	-	-	(263)
- impairment of trade and other receivables									
Other gains and losses									
- net change in fair value	(3,113)	(681)	3,757	-	-	-	-	-	(37)
Finance income	-	-	-	-	-	26,203	-	-	26,203
Finance costs	-	-	-	(2,396)	-	-	-	(316,754)	(319,150)
Other comprehensive income :									
- net change in fair value	(5,476)	-	-	-	-	-	(10,324)	-	(15,800)
At 30 June 2015	(8,589)	(681)	3,757	(2,396)	-	25,940	(10,324)	(316,754)	(309,047)

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk, cash flow risk and price risk. The Group's financial risk management objective is to ensure that the Group creates value for its shareholder. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group uses derivative financial instruments such as foreign exchange contracts, forward commodities contract and interest rate swaps to hedge certain exposures.

Whilst all derivatives entered into provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in MFRS 139. Changes in the fair value of these derivatives are recognised in profit or loss, whilst changes in the fair value of those derivatives that qualify for cash flow hedge accounting are recognised in other comprehensive income.

(i) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the Group. The Group's and Company's revenue were transacted in the following currencies:

GROUP - 2017	Functional currency	Other than functional currency	Total revenue
	RM'000	RM'000	RM'000
Transacted currency			
Ringgit Malaysia	2,761,839	-	2,761,839
United States dollar	1,049,716	5,069,679	6,119,395
Indonesian rupiah	1,090,288	9,839	1,100,127
European Union euro	1,775,680	32,574	1,808,254
Singapore dollar	29,291	-	29,291
Thailand baht	1,218,682	-	1,218,682
Vietnamese dong	299,894	-	299,894
South African rand	691,076	-	691,076
United Kingdom pound	430,079	42,340	472,419
Papua New Guinea kina	-	271,716	271,716
Other currencies	-	6,688	6,688
	<u>9,346,545</u>	<u>5,432,836</u>	<u>14,779,381</u>

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

50. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

	Functional currency	Other than functional currency	Total revenue
	RM'000	RM'000	RM'000
GROUP - 2016			
Transacted currency			
Ringgit Malaysia	2,060,486	-	2,060,486
United States dollar	1,129,070	3,833,486	4,962,556
Indonesian rupiah	885,690	-	885,690
European Union euro	1,484,035	2,449	1,486,484
Singapore dollar	30,318	-	30,318
Thailand baht	912,597	-	912,597
Vietnamese dong	324,672	-	324,672
South African rand	581,516	-	581,516
United Kingdom pound	409,819	24,385	434,204
Papua New Guinea kina	-	235,423	235,423
Other currencies	-	32,518	32,518
	<u>7,818,203</u>	<u>4,128,261</u>	<u>11,946,464</u>
GROUP - 2015			
Transacted currency			
Ringgit Malaysia	3,090,715	-	3,090,715
United States dollar	559,199	2,062,125	2,621,324
Indonesian rupiah	1,236,818	-	1,236,818
European Union euro	1,269,996	-	1,269,996
Singapore dollar	-	31,492	31,492
Thailand baht	899,511	-	899,511
Vietnamese dong	265,275	-	265,275
South African rand	611,524	-	611,524
United Kingdom pound	143,700	18,969	162,669
Papua New Guinea kina	-	114,080	114,080
Other currencies	637	-	637
	<u>8,077,375</u>	<u>2,226,666</u>	<u>10,304,041</u>
COMPANY - 2017			
Transacted currency			
Ringgit Malaysia	2,886,368	-	2,886,368
United States dollar	-	1,170,592	1,170,592
European Union euro	-	181,125	181,125
Other currencies	-	-	-
	<u>2,886,368</u>	<u>1,351,717</u>	<u>4,238,085</u>

SIME DARBY PLANTATION BERHAD

(Incorporated in Malaysia)

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

50. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

	Functional currency	Other than functional currency	Total revenue
	RM'000	RM'000	RM'000
COMPANY - 2016			
Transacted currency			
Ringgit Malaysia	2,342,989	-	2,342,989
United States dollar	-	1,083,846	1,083,846
European Union euro	-	173,619	173,619
Other currencies	-	2,010	2,010
	<u>2,342,989</u>	<u>1,259,475</u>	<u>3,602,464</u>
COMPANY - 2015			
Transacted currency			
Ringgit Malaysia	2,339,284	-	2,339,284
United States dollar	-	920,504	920,504
European Union euro	-	108,532	108,532
	<u>2,339,284</u>	<u>1,029,036</u>	<u>3,368,320</u>

Where the transacted currencies differ from the Company and subsidiaries' functional currency, the Group is exposed to currency risk. The risk also extends to purchases denominated in currency other than the subsidiaries' functional currency.

Where possible, the Group will apply natural hedge by selling and purchasing in the same currency. Otherwise, the Group enters into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. These derivatives are normally contracted through centralised treasury in order to achieve the benefits of netting within the Group and to manage the cost of hedging effectively.

The Group's policy on the extent of a foreign currency transaction/balance to be hedged is dependent on the duration to the settlement date. In terms of forecast transaction, exposure is hedged only if it is expected to be cost effective.

The Group does not hedge its cash, deposits and borrowings denominated in other than functional currency.

The Group is also exposed to currency translation risk arising from its net investments in foreign subsidiaries, joint ventures and associates. The investments in foreign subsidiaries are not hedged due to the long-term nature of those investments, except for the net investments in NBPOL group whereby the foreign currency borrowings related to the acquisition of the subsidiary are designated as a natural hedge against the net investment.