

## FINANCIAL STATEMENTS

112	Directors' Report
117	Statements of Profit or Loss
118	Statements of Comprehensive Income
119	Statements of Financial Position
121	Statements of Changes in Equity
123	Statements of Cash Flows
131	Notes to the Financial Statements
321	Statement by Directors
321	Statutory Declaration
322	Independent Auditors' Report

## OTHER INFORMATION

327	Notice of Annual General Meeting
334	Analysis of Shareholdings
337	Additional Compliance Information
342	Share Price Movement & Financial Calendar
343	Properties of the Group
349	Notice to Shareholders Under the Personal Data Protection Act 2010
353	Global Reporting Initiative (GRI)
	- Notice to Proxies Under the Personal Data Protection Act 2010
	- Form of Proxy

## DIRECTORS' REPORT

For the financial period ended 31 December 2018

The Directors have pleasure in presenting their Report together with the audited financial statements of the Group and of the Company for the six months financial period ended 31 December 2018.

### PRINCIPAL ACTIVITIES

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

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 53 to the financial statements. During the financial period, the Group acquired Markham Farming Company Limited whose principal activities include processing and marketing of coconut oils and cultivation of oil palm.

Other than the above, there were no significant changes in the nature of these activities during the financial period.

### FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(loss) before tax	457,047	(120,573)
Tax expense	(145,252)	(15,970)
Profit/(loss) for the financial period	<u>311,795</u>	<u>(136,543)</u>
Profit/(loss) for the financial period attributable to:		
- equity holders of the Company	243,508	(199,204)
- Perpetual Sukuk	62,661	62,661
- non-controlling interests	5,626	-
	<u>311,795</u>	<u>(136,543)</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any items, transaction or event of a material and unusual nature.

### DIVIDENDS

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

	RM'000
Special interim single tier dividend of 3.0 sen per ordinary share, paid on 5 October 2018	<u>204,025</u>

The final single tier dividend of 8.0 sen per ordinary share and the special final single tier dividend of 3.0 sen per ordinary share (the "FYE June 2018 Final Dividend") were approved by the shareholders during the Annual General Meeting on 21 November 2018. During the Extraordinary General Meeting held on the same day, the shareholders of the Company approved the establishment of the Dividend Reinvestment Plan that provides the shareholders of the Company with an option to elect to reinvest their dividend in new ordinary shares of the Company ("DRP"). The Board determined that the DRP shall apply to the FYE June 2018 Final Dividend.

## DIRECTORS' REPORT

For the financial period ended 31 December 2018

**DIVIDENDS (CONTINUED)**

The FYE June 2018 Final Dividend of RM748.1 million were paid on 7 January 2019, RM406.1 million satisfied by the issuance of 83,735,906 new Sime Darby Plantation Berhad shares pursuant to the DRP and the balance of RM342.0 million was paid in cash.

A final single tier dividend of 1.7 sen per ordinary share in respect of the financial period ended 31 December 2018 has been declared on 28 February 2019 and will be paid on 21 May 2019. The entitlement date for the dividend payment is 10 May 2019.

**RESERVES AND PROVISIONS**

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

**SHARE CAPITAL, PERPETUAL SUKUK AND DEBENTURES**

There were no issuances of ordinary shares, Perpetual Sukuk and debentures during the financial period.

**DIRECTORS**

The Directors in office during the financial period and during the period from the end of the financial period to date of this Report are:

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

(Retired on 21 November 2018)

(Appointed on 5 April 2019)

**DIRECTORS' REMUNERATION**

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

**DIRECTORS' BENEFITS**

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, as disclosed in Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 11 to the financial statements.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid for the financial period amounted to RM341,748.

## DIRECTORS' REPORT

For the financial period ended 31 December 2018

**DIRECTORS' INTERESTS IN SHARES**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial period held any shares, or debentures of, the Company or its related corporations during the financial period.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values of current assets as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.
- (b) At the date of this Report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) As at the date of this Report:
- (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial period to secure the liability of any other person; and
  - (ii) there are no contingent liabilities in the Group or in the Company which have arisen since the end of the financial period other than those arising in the ordinary course of business.
- (d) At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt within the Report or financial statements which would render any amount stated in the financial statements misleading.
- (e) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this Report is made.

## DIRECTORS' REPORT

For the financial period ended 31 December 2018

**LIST OF DIRECTORS OF SUBSIDIARIES**

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial period and up to the date of this Report is as follows (excluding Directors who are also Directors of the Company):

Abdul Jalil Sulaiman	Godfrey Shiletikwa Urasa	Nor Aznan Mohd Yusof
Agus Dani Ariyanto	H. Hariadi Supiyanto, Ir.	Nuchanand Sukmongkol
Ahmad Zairil Zainal	Haryanto Tedjawidjaja	Pandu Wibowo
Ahmad Zamani Zainuddin	Herman Heru Suprobo SH	Philip KO Kunjappy
Alagendran Maniam	Hernandy Rifansyah Karli	Prof. Peter Caligari
Amir Hisham Hashim	Hersoebeno Brotowinoto	R Krishna Moorthy Ramasamy
Amir Mohareb	Hissammudin Mohamad Sabidin	Renaka Ramachandran
Andrew Timothy Worrall	Ir. Kurniawanto Setiadi	Robert Anak Tugang
Armando Edgar Mahyudion Daniel	Ir. Safwani	Robert Nilkare
Ary Tri Prasetyo	Izaidin Mohd Zahari	Rosely Kusip
Asanee Mallamphut	James Walter Graham	Datin Rosezalina Daros @ Darooi
Asmawatti Othman	Jeffry Faizal Kamaruddin	Roslin Azmy Hassan
Azmi Jaafar	Jonathan Pennefather	Ruari MacWilliam
Azrulizam Ahamad Azaman	Kenneth Surendharan Sreedharan	Rudianto S. Sos
Bambang Sumantri Hadi Mulyanto	Khairul Nizam Idris	Samrish Banja
Bryan Dyer	Khaizarudin Awaludin	Sandeep Bhan
Budi Darmono	Lakon Anak Igey	Shahrakbah Yacob
Chim Foong May	Lee Ai Leng	Shamsuddin Muhammad
Craig Gibsone	Lee Chong Yee	Shashi Kumar Anak Rajan
Dato' Idris Kechot	Lim Ban Yeow	Shogo Yoshida
Datu Haji Abdul Rashid Mohd Azis	M. Rukun Siregar	(Alternate Director to Fuyuhiko Nakata)
Datuk Franki Anthony Dass	Marie Cindhia Veronique Magny-Antoine	Sir Joseph Tauvasa
Djoko Martopo	Marie-Claude Priscille Koenig	Suhartono
Dodik Prayitno	Mersal Abang Rosli	Suko Budi Hardjito
Dr. K. Harikrishna Dr. K. Kulaveerasingam	(Alternate Director to Datu	Suparmadi
Dr. Luc Bonneau	Haji Abdul Rashid Mohd Azis)	Supasak Chirasavinuprapand
Dr. Shariman Alwani Mohamed Nordin	Michelle Chang Yuet Ling	Tan Sri Datuk Amar Haji Bujang
Dr. Stephen Nelson	Mohamad Helmy Othman Basha	Mohammed Bujang Mohammed Nor
Drs. Jakob Tobing MPA	Mohammad Japri Gimam	Tang Men Kon
Edi Febriyanto	Mohamad Pirabaharan Abdullah	Tri Haryono SP
Elaim Tangirongo	Mohd Faris Adli Shukery	Tuan Haji Mohamad Sabry Haji Othman
Elly Mahesa Jenar	Mohd Hamdi Abd Karim	(Alternate Director to Tan Sri Datuk
Ernie Gangloff	Mohd Haris Mohd Arshad	Amar Haji Bujang Mohammed
Fazli Salikin	Mohd Khiri Abd Wahab	Bujang Mohammed Nor)
Francois van Hoydonck	Mohd Nazri Mohamad Nageeb	Vistra NC B.V.
Fuyuhiko Nakata	Mohd Zamri Pardi	Yogesh Kotak
	Muhammad Rukun Siregar	Yogi Supardi
	Nindyo Pranantoro	Yustinus Lambang Setyo Putro
		Zuhairi Zubir

## DIRECTORS' REPORT

For the financial period ended 31 December 2018

**SUBSIDIARIES**

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

**IMMEDIATE AND ULTIMATE HOLDING COMPANIES**

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

**CHANGE OF FINANCIAL YEAR END**

Following the approval by the Board of Directors, in their resolution dated 21 February 2018, on the change of the financial year end from 30 June to 31 December, the financial period covered in these financial statements is for a period of six (6) months from 1 July 2018 to 31 December 2018. Thereafter, the financial year of the Group and of the Company shall revert to twelve (12) months ending 31 December, for each subsequent year.

Consequently, the comparatives for the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows as well as certain comparatives in the notes to the financial statements of the Group and of the Company are not comparable to those of the previous 12 months ended 30 June 2018.

**AUDITORS**

The audit fees for services rendered by the auditors to the Group and the Company for the financial period ended 31 December 2018 are disclosed in Note 6(f) to the financial statements.

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

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept the re-appointment as auditors.

This Report was approved by the Board of Directors on 5 April 2019.



TAN SRI DATO' A. GHANI OTHMAN  
DIRECTOR

Selangor  
5 April 2019



TAN SRI DATO' SERI MOHD BAKKE SALLEH  
DIRECTOR

## STATEMENTS OF PROFIT OR LOSS

For the financial period ended 31 December 2018

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Revenue	5	<b>6,542,548</b>	14,368,888	<b>1,652,040</b>	4,178,810
Operating expenses	6	<b>(6,185,191)</b>	(12,741,307)	<b>(1,676,203)</b>	(3,608,405)
Other operating income	7				
- gain on sale of land to related parties		-	676,429	-	610,564
- others		<b>155,620</b>	321,421	<b>137,941</b>	226,105
Other gains and losses	8	<b>42,423</b>	(52,667)	<b>(153,938)</b>	340,810
Operating profit/(loss)		<b>555,400</b>	2,572,764	<b>(40,160)</b>	1,747,884
Share of results of joint ventures	22(a)	<b>1,591</b>	(22,855)	-	-
Share of results of associates	23(a)	<b>1,568</b>	(13,932)	-	-
Profit/(loss) before interest and tax		<b>558,559</b>	2,535,977	<b>(40,160)</b>	1,747,884
Finance income	9	<b>8,473</b>	24,433	<b>8,934</b>	18,908
Finance costs	10	<b>(109,985)</b>	(183,460)	<b>(89,347)</b>	(159,812)
Profit/(loss) before tax		<b>457,047</b>	2,376,950	<b>(120,573)</b>	1,606,980
Tax expense	12	<b>(145,252)</b>	(491,547)	<b>(15,970)</b>	(196,383)
Profit/(loss) for the financial period/year		<b>311,795</b>	1,885,403	<b>(136,543)</b>	1,410,597
Profit/(loss) for the financial period/year attributable to:					
- equity holders of the Company		<b>243,508</b>	1,727,479	<b>(199,204)</b>	1,286,297
- Perpetual Sukuk	37	<b>62,661</b>	124,300	<b>62,661</b>	124,300
- non-controlling interests	38	<b>5,626</b>	33,624	-	-
		<b>311,795</b>	1,885,403	<b>(136,543)</b>	1,410,597
		<b>sen</b>	<b>sen</b>		
Basic/diluted earnings per share attributable to equity holders of the Company	13	<b>3.58</b>	25.52		

## STATEMENTS OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2018

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>Profit/(loss) for the financial period/year</b>		<b>311,795</b>	1,885,403	<b>(136,543)</b>	1,410,597
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences gains/(losses):					
- subsidiaries	15	<b>168,452</b>	(728,064)	-	-
- joint ventures	22(a)	<b>4,872</b>	(13,138)	-	-
Available-for-sale investments					
- changes in fair value	25	-	(59,529)	-	(145)
Cash flow hedge					
- changes in fair value		<b>(4,551)</b>	20,641	<b>(7,465)</b>	25,208
- transfers to profit or loss	8	<b>(7,966)</b>	27,682	<b>267</b>	(378)
Tax (expense)/credit relating to components of other comprehensive income	15	<b>(975)</b>	90	<b>26</b>	(199)
		<b>159,832</b>	(752,318)	<b>(7,172)</b>	24,486
Items that will not be reclassified subsequently to profit or loss:					
Actuarial (loss)/gain on defined benefit plans	39	<b>(2,100)</b>	21,155	-	3,134
Share of other comprehensive profit/(loss) of joint ventures	22(a)	<b>3,231</b>	(5,637)	-	-
Investment at fair value through other comprehensive income ("FVOCI")					
- changes in fair value	26	<b>1,204</b>	-	<b>(839)</b>	-
Tax credit/(expense) relating to components of other comprehensive income	15	<b>526</b>	(5,244)	-	(752)
		<b>2,861</b>	10,274	<b>(839)</b>	2,382
Total other comprehensive income/(loss) for the financial period/year	15	<b>162,693</b>	(742,044)	<b>(8,011)</b>	26,868
Total comprehensive income/(loss) for the financial period/year		<b>474,488</b>	1,143,359	<b>(144,554)</b>	1,437,465
Total comprehensive income/(loss) for the financial period/year attributable to:					
- equity holders of the Company		<b>400,755</b>	1,026,983	<b>(207,215)</b>	1,313,165
- Perpetual Sukuk		<b>62,661</b>	124,300	<b>62,661</b>	124,300
- non-controlling interests		<b>11,072</b>	(7,924)	-	-
		<b>474,488</b>	1,143,359	<b>(144,554)</b>	1,437,465



## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	16	<b>17,004,073</b>	17,742,040	<b>7,838,988</b>	8,032,186
Investment properties	17	<b>15,176</b>	14,710	-	-
Prepaid lease rentals	19	-	528,890	-	-
Right-of-use assets	20	<b>2,239,212</b>	-	<b>287,477</b>	-
Subsidiaries	21	-	-	<b>8,381,283</b>	8,456,737
Joint ventures	22	<b>446,805</b>	437,302	<b>311,938</b>	312,036
Associates	23	<b>41,678</b>	38,725	<b>420</b>	420
Intangible assets	24	<b>2,892,843</b>	2,824,541	<b>2,081,424</b>	2,084,899
Available-for-sale investments	25	-	28,090	-	26,588
Investments at fair value through other comprehensive income ("FVOCI")	26	<b>29,294</b>	-	<b>25,749</b>	-
Deferred tax assets	27	<b>508,991</b>	518,896	-	-
Tax recoverable	28	<b>290,412</b>	275,428	-	-
Trade and other receivables	29	<b>115,122</b>	109,340	-	-
Amount due from a subsidiary	31	-	-	<b>49,080</b>	56,679
		<b>23,583,606</b>	22,517,962	<b>18,976,359</b>	18,969,545
<b>CURRENT ASSETS</b>					
Inventories	30	<b>1,681,776</b>	1,570,577	<b>219,530</b>	146,065
Biological assets	18	<b>178,783</b>	152,242	<b>19,007</b>	36,152
Trade and other receivables	29	<b>2,203,139</b>	2,301,441	<b>218,841</b>	306,864
Tax recoverable	28	<b>302,446</b>	307,466	<b>93,372</b>	28,974
Amounts due from subsidiaries	31	-	-	<b>522,981</b>	583,231
Amounts due from related parties	31	<b>2,171</b>	2,559	<b>2,903</b>	4,228
Derivatives	32	<b>58,664</b>	57,226	<b>20,860</b>	27,968
Bank balances, deposits and cash	33	<b>491,042</b>	363,238	<b>65,693</b>	68,284
		<b>4,918,021</b>	4,754,749	<b>1,163,187</b>	1,201,766
Non-current assets held for sale	34	<b>124,675</b>	218,964	<b>14</b>	28,504
<b>TOTAL ASSETS</b>		<b>28,626,302</b>	27,491,675	<b>20,139,560</b>	20,199,815

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>EQUITY</b>					
Share capital	35	1,100,000	1,100,000	1,100,000	1,100,000
Reserves	36	12,018,449	12,574,687	7,968,715	9,132,506
Attributable to equity holders of the Company		13,118,449	13,674,687	9,068,715	10,232,506
Perpetual Sukuk	37	2,231,398	2,230,717	2,231,398	2,230,717
Non-controlling interests	38	396,078	408,398	-	-
<b>TOTAL EQUITY</b>		<b>15,745,925</b>	<b>16,313,802</b>	<b>11,300,113</b>	<b>12,463,223</b>
<b>NON-CURRENT LIABILITIES</b>					
Retirement benefits	39	229,809	213,209	50,306	48,633
Deferred income	42	446	601	-	-
Deferred tax liabilities	27	2,653,870	2,497,457	710,406	704,379
Amount due to a subsidiary	31	-	-	504,707	490,463
Borrowings	40	5,492,575	5,395,204	4,292,526	4,397,767
Finance lease obligation		-	12,602	-	-
Lease liabilities	41	165,433	-	7,478	-
Trade and other payables	43	63,447	60,813	139,939	61,969
		<b>8,605,580</b>	<b>8,179,886</b>	<b>5,705,362</b>	<b>5,703,211</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	43	1,466,545	1,588,102	363,567	380,777
Deferred income	42	28,536	19,275	42	36
Amounts due to subsidiaries	31	-	-	1,000,313	1,093,237
Amounts due to related parties	31	61,020	54,104	36,826	31,454
Retirement benefits	39	7,784	10,485	-	-
Finance lease obligation		-	823	-	-
Lease liabilities	41	27,122	-	1,919	-
Tax payable		89,028	160,509	-	-
Derivatives	32	21,198	24,502	8,883	8,149
Dividend payable		748,092	-	748,092	-
Borrowings	40	1,804,339	1,094,194	974,443	519,728
		<b>4,253,664</b>	<b>2,951,994</b>	<b>3,134,085</b>	<b>2,033,381</b>
Liabilities directly associated with non-current assets held for sale	34	21,133	45,993	-	-
<b>TOTAL LIABILITIES</b>		<b>12,880,377</b>	<b>11,177,873</b>	<b>8,839,447</b>	<b>7,736,592</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,626,302</b>	<b>27,491,675</b>	<b>20,139,560</b>	<b>20,199,815</b>

## STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 December 2018

		GROUP							
		Attributable to equity holders of the Company				Perpetual Sukuk RM'000	Non- controlling interests RM'000	Total equity RM'000	
Note		Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000				
	At 1 July 2018, as previously stated	<b>1,100,000</b>	<b>515,841</b>	<b>12,058,846</b>	<b>13,674,687</b>	<b>2,230,717</b>	<b>408,398</b>	<b>16,313,802</b>	
	Effects on adoption of MFRS 9 and MFRS 16	52	-	-	(8,275)	(8,275)	-	(8,275)	
	At 1 July 2018, restated	<b>1,100,000</b>	<b>515,841</b>	<b>12,050,571</b>	<b>13,666,412</b>	<b>2,230,717</b>	<b>408,398</b>	<b>16,305,527</b>	
	Profit for the financial period		-	-	243,508	243,508	62,661	5,626	311,795
	Other comprehensive income for the financial period	15	-	155,449	1,798	157,247	-	5,446	162,693
	Total comprehensive income for the financial period		-	155,449	245,306	400,755	62,661	11,072	474,488
	Transactions with equity holders:								
	- dividends		-	-	(952,117)	(952,117)	-	(24,557)	(976,674)
	- distribution to Perpetual Sukuk holders	37	-	-	-	-	(61,980)	-	(61,980)
	- disposal of a subsidiary		-	(931)	4,330	3,399	-	1,165	4,564
	At 31 December 2018		<b>1,100,000</b>	<b>670,359</b>	<b>11,348,090</b>	<b>13,118,449</b>	<b>2,231,398</b>	<b>396,078</b>	<b>15,745,925</b>
	At 1 July 2017		600,000	1,225,589	10,632,495	12,458,084	2,231,384	433,887	15,123,355
	Profit for the financial year		-	-	1,727,479	1,727,479	124,300	33,624	1,885,403
	Other comprehensive (loss)/income for the financial year	15	-	(709,748)	9,252	(700,496)	-	(41,548)	(742,044)
	Total comprehensive (loss)/income for the financial year		-	(709,748)	1,736,731	1,026,983	124,300	(7,924)	1,143,359
	Transactions with equity holders:								
	- share issues	35	500,000	-	-	500,000	-	-	500,000
	- dividends		-	-	(238,029)	(238,029)	-	(72,184)	(310,213)
	- distribution to Perpetual Sukuk holders	37	-	-	-	-	(124,967)	-	(124,967)
	- acquisition of shares from non-controlling interests		-	-	(72,351)	(72,351)	-	54,619	(17,732)
	At 30 June 2018		<b>1,100,000</b>	<b>515,841</b>	<b>12,058,846</b>	<b>13,674,687</b>	<b>2,230,717</b>	<b>408,398</b>	<b>16,313,802</b>

## STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 December 2018

	Note	COMPANY					Total equity RM'000
		Attributable to equity holders of the Company				Perpetual Sukuk RM'000	
		Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000		
At 1 July 2018, as previously stated		<b>1,100,000</b>	<b>51,513</b>	<b>9,080,993</b>	<b>10,232,506</b>	<b>2,230,717</b>	<b>12,463,223</b>
Effects on adoption of MFRS 9 and MFRS 16	52	-	-	(4,459)	(4,459)	-	(4,459)
At 1 July 2018, restated		<b>1,100,000</b>	<b>51,513</b>	<b>9,076,534</b>	<b>10,228,047</b>	<b>2,230,717</b>	<b>12,458,764</b>
(Loss)/profit for the financial period		-	-	(199,204)	(199,204)	62,661	(136,543)
Other comprehensive loss for the financial period	15	-	(8,011)	-	(8,011)	-	(8,011)
Total comprehensive (loss)/income for the financial period		-	(8,011)	(199,204)	(207,215)	62,661	(144,554)
Transactions with equity holders:							
- dividends	14	-	-	(952,117)	(952,117)	-	(952,117)
- distribution to Perpetual Sukuk holders	37	-	-	-	-	(61,980)	(61,980)
At 31 December 2018		<b>1,100,000</b>	<b>43,502</b>	<b>7,925,213</b>	<b>9,068,715</b>	<b>2,231,398</b>	<b>11,300,113</b>
At 1 July 2017		600,000	27,027	8,030,343	8,657,370	2,231,384	10,888,754
Profit for the financial year		-	-	1,286,297	1,286,297	124,300	1,410,597
Other comprehensive income for the financial year	15	-	24,486	2,382	26,868	-	26,868
Total comprehensive income for the financial year		-	24,486	1,288,679	1,313,165	124,300	1,437,465
Transactions with equity holders:							
- share issues	35	500,000	-	-	500,000	-	500,000
- dividends	14	-	-	(238,029)	(238,029)	-	(238,029)
- distribution to Perpetual Sukuk holders	37	-	-	-	-	(124,967)	(124,967)
At 30 June 2018		<b>1,100,000</b>	<b>51,513</b>	<b>9,080,993</b>	<b>10,232,506</b>	<b>2,230,717</b>	<b>12,463,223</b>

## STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2018

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) for the financial period/year		<b>311,795</b>	1,885,403	<b>(136,543)</b>	1,410,597
Adjustments for:					
Amortisation of:					
- intangible assets	24	<b>19,077</b>	34,686	<b>4,741</b>	8,884
- prepaid lease rentals	19	-	37,783	-	-
Bad debts written off		<b>97</b>	1,103	-	-
Depreciation of:					
- property, plant and equipment	6(a)	<b>526,631</b>	1,081,099	<b>122,987</b>	241,636
- investment properties	17	<b>40</b>	79	-	-
- right-of-use assets	6(a)	<b>63,357</b>	-	<b>2,627</b>	-
Dividend income		<b>(4,059)</b>	(61,878)	<b>(4,059)</b>	(53,465)
Finance costs	10	<b>109,985</b>	183,460	<b>89,347</b>	159,812
Finance income	9	<b>(8,473)</b>	(24,433)	<b>(8,934)</b>	(18,908)
Write back of donation		-	(95,202)	-	(95,202)
Fair value losses/(gains):					
- commodities futures contracts		<b>(3,268)</b>	22,479	<b>3,849</b>	26,305
- forward foreign exchange contracts (non-hedging derivatives)		<b>(8,838)</b>	18,031	<b>(1,112)</b>	1,183
- forward foreign exchange contracts (cash flow hedge)		<b>7,966</b>	(27,682)	<b>(267)</b>	378
Fair value changes in biological assets (net)		<b>(22,939)</b>	29,734	<b>17,145</b>	18,428
Gains on disposals of:					
- property, plant and equipment		<b>(35,589)</b>	(224,922)	<b>(26,328)</b>	(200,518)
- non-current assets held for sale		<b>(46,058)</b>	(676,429)	<b>(16,756)</b>	(610,564)
Impairment of:					
- property, plant and equipment	16	<b>20,508</b>	194,693	<b>1,296</b>	11,000
- prepaid lease rentals	19	-	5,025	-	-
- investment in subsidiaries	21	-	-	<b>136,084</b>	405,692
- investment in associate	23(b)	-	126,157	-	-
- amounts due from subsidiaries	6(e)	-	-	<b>11,795</b>	61,658
- available-for-sale investments	25	-	22,424	-	-
- advances for plasma plantation projects	6(e)	<b>3,440</b>	1,248	-	-
- trade and other receivables	6(e)	<b>5,768</b>	14,504	<b>2,724</b>	13,106
Settlement of associate's bank borrowings		-	22,300	-	22,300
Intangible assets written off	24	<b>193</b>	1,062	<b>193</b>	-
Property, plant and equipment written off	16	<b>32,268</b>	39,691	<b>12,241</b>	12,055
Compensation on termination of finance lease obligation		-	10,550	-	-

## STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2018

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>					
Retirement benefits	39	12,838	31,363	4,262	9,492
Reversal of impairment of:					
- investment in subsidiaries	7	-	-	(72,509)	(51)
- amounts due from subsidiaries	7	-	-	-	(2,531)
- advances for plasma plantation projects	7	(315)	(1,928)	-	-
- trade and other receivables	7	(7,498)	(3,404)	-	-
Share of results of:					
- joint ventures	22	(1,591)	22,855	-	-
- associates	23	(1,568)	13,932	-	-
Tax expense	12	145,252	491,547	15,970	196,383
Unrealised exchange (gains)/losses (net)		(26,818)	39,371	119,838	(348,895)
Write-down of inventories (net)		4,070	7,177	50	110
		<b>1,096,271</b>	3,221,878	<b>278,641</b>	1,268,885
Changes in working capital:					
Inventories		(113,620)	(78,618)	(73,515)	(16,844)
Trade and other payables		(89,187)	(194,407)	(37,607)	(20,245)
Trade and other receivables		103,042	(194,259)	81,417	36,244
Intercompany and related party balances		7,304	(68,994)	105,361	627,171
Cash generated from operations		<b>1,003,810</b>	2,685,600	<b>354,297</b>	1,895,211
Tax paid		(154,255)	(357,543)	(74,130)	(144,838)
Retirement benefits paid	39	(2,793)	(7,379)	(2,589)	(3,844)
Net cash generated from operating activities		<b>846,762</b>	2,320,678	<b>277,578</b>	1,746,529
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary	44	(227,882)	(23,738)	-	-
Additional investment:					
- in existing subsidiaries	49(e)	-	-	(23,214)	(84,194)
- in existing associates		-	(3,820)	-	(100)
- in existing joint ventures		-	(1,350)	-	(1,350)
Repayment of convertible notes of an associate	49(d)	-	12,340	-	-
Advances for plasma plantation projects		(7,236)	(15,543)	-	-
Repayment of advances for plasma plantation projects		-	142	-	-
Advances to a joint venture	49(c)	-	(21,978)	-	(21,978)
Advances to subsidiaries	49(e)	-	-	(61,774)	(161,897)
Repayment from a subsidiary	49(e)	-	-	51,120	-

STATEMENTS OF CASH FLOWS  
For the financial period ended 31 December 2018

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED)</b>					
Dividends received from:					
- associates	23(d)	-	6,183	-	-
- other investments	5(b)	<b>4,059</b>	61,878	<b>4,059</b>	1,740
- subsidiaries	5(b)	-	-	-	51,725
Finance income received		<b>8,473</b>	16,834	<b>8,934</b>	18,908
Proceeds from sale of:					
- property, plant and equipment		<b>44,239</b>	307,396	<b>31,145</b>	223,354
- redeemable loan stock	49(f)(iv)	-	333,244	-	-
- non-current assets held for sale		<b>66,861</b>	-	<b>45,246</b>	-
Purchase of:					
- property, plant and equipment		<b>(797,165)</b>	(1,495,784)	<b>(210,735)</b>	(376,221)
- intangible assets		<b>(3,403)</b>	(5,017)	<b>(1,358)</b>	(4,961)
Net cash used in investing activities		<b>(912,054)</b>	(829,213)	<b>(156,577)</b>	(354,974)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Finance costs paid		<b>(117,614)</b>	(234,226)	<b>(98,861)</b>	(202,620)
Loans raised		<b>1,314,730</b>	806,011	<b>511,560</b>	-
Repayment to former fellow subsidiary		-	(601,745)	-	(601,745)
Advances from former fellow subsidiary		-	370,246	-	370,246
Repayment of loan due to a subsidiary		-	-	-	(194,128)
Loan repayments		<b>(719,990)</b>	(1,601,242)	<b>(269,165)</b>	(389,165)
Repayment of finance lease obligations		-	(50,192)	-	(871)
Payments for the principal portion of lease liabilities		<b>(19,397)</b>	-	<b>(1,334)</b>	-
Distribution to Perpetual Sukuk holders	37	<b>(61,980)</b>	(124,967)	<b>(61,980)</b>	(124,967)
Settlement of associate's bank borrowings		-	(22,300)	-	(22,300)
Acquisition of shares from non-controlling interests		-	(17,732)	-	-
Dividend paid to shareholders	14	<b>(204,025)</b>	(238,029)	<b>(204,025)</b>	(238,029)
Dividend paid to non-controlling interests of subsidiaries	38	<b>(24,557)</b>	(72,184)	-	-
Net cash generated from/(used in) financing activities		<b>167,167</b>	(1,786,360)	<b>(123,805)</b>	(1,403,579)

## STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2018

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD/YEAR</b>		<b>101,875</b>	(294,895)	<b>(2,803)</b>	(12,024)
Exchange differences		<b>25,929</b>	(49,993)	<b>212</b>	(23,845)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>		<b>363,238</b>	713,448	<b>68,284</b>	104,153
Less: Reclassified to non-current assets held for sale	34	-	(5,322)	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR</b>	33	<b>491,042</b>	363,238	<b>65,693</b>	68,284

## NOTES TO STATEMENTS OF CASH FLOWS

## (A) Principal non-cash transactions

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



STATEMENTS OF CASH FLOWS  
For the financial period ended 31 December 2018

**NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)**

## (B) Reconciliation of liabilities arising from financing activities

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

	Note	GROUP			Total RM'000
		Borrowings* RM'000	Lease liabilities RM'000	Finance lease obligations RM'000	
At 1 July 2018, previously stated		<b>6,537,995</b>	-	<b>13,425</b>	<b>6,551,420</b>
Effects on adoption of MFRS 16	52	-	<b>199,538</b>	<b>(13,425)</b>	<b>186,113</b>
At 1 July 2018, restated		<b>6,537,995</b>	<b>199,538</b>	-	<b>6,737,533</b>
<u>Cash flows from financing activities</u>					
Finance costs paid		<b>(117,614)</b>	-	-	<b>(117,614)</b>
Loans raised		<b>1,314,730</b>	-	-	<b>1,314,730</b>
Loan repayments		<b>(719,990)</b>	-	-	<b>(719,990)</b>
Repayment of lease liabilities	41	-	<b>(19,397)</b>	-	<b>(19,397)</b>
<u>Non-cash changes</u>					
Acquisition of a subsidiary	44(a)	<b>34,806</b>	-	-	<b>34,806</b>
Finance costs	10	<b>105,371</b>	<b>4,614</b>	-	<b>109,985</b>
Finance costs capitalised	10	<b>17,452</b>	-	-	<b>17,452</b>
Recognition of additional lease liabilities		-	<b>8,439</b>	-	<b>8,439</b>
Exchange differences		<b>169,634</b>	<b>(639)</b>	-	<b>168,995</b>
At 31 December 2018		<b>7,342,384</b>	<b>192,555</b>	-	<b>7,534,939</b>

\* The borrowings include interest payable for the Group which was classified under trade and other payable in Note 43.

## STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2018

## NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)

## (B) Reconciliation of liabilities arising from financing activities (continued)

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows: (continued)

	Note	GROUP				Total RM'000
		Borrowings* RM'000	Finance lease obligations RM'000	Amount due to former immediate holding company RM'000	Amounts due to former fellow subsidiaries RM'000	
At 1 July 2017		7,773,718	53,067	145,392	1,291,944	9,264,121
<u>Cash flows from financing activities</u>						
Finance costs paid		(199,986)	(1,044)	-	(33,196)	(234,226)
Repayment of lease liabilities		-	(50,192)	-	-	(50,192)
Advance from former fellow subsidiaries		-	-	-	370,246	370,246
Repayment to former fellow subsidiaries		-	-	-	(601,745)	(601,745)
Loans raised		806,011	-	-	-	806,011
Loan repayments		(1,601,242)	-	-	-	(1,601,242)
<u>Non-cash changes</u>						
Finance costs	10	164,858	1,044	-	17,558	183,460
Finance costs capitalised	10	45,018	-	-	-	45,018
Assignment of debt from former immediate holding company to a former fellow subsidiary	49(g)	-	-	(145,392)	145,392	-
Proceed from sale of non-current assets held for sale	49(g)	-	-	-	(689,587)	(689,587)
Proceed from sale of property, plant and equipment	49(g)	-	-	-	(612)	(612)
Compensation on termination of lease liabilities	6(e)	-	10,550	-	-	10,550
Issuance of new ordinary shares to former immediate holding company	35	-	-	-	(500,000)	(500,000)
Exchange differences		(450,382)	-	-	-	(450,382)
At 30 June 2018		6,537,995	13,425	-	-	6,551,420

\* The borrowings include interest payable for the Group which was classified under trade and other payable in Note 43.

STATEMENTS OF CASH FLOWS  
For the financial period ended 31 December 2018

**NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)**

## (B) Reconciliation of liabilities arising from financing activities (continued)

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows: (continued)

	Note	COMPANY			Total RM'000
		Borrowings* RM'000	Lease liabilities RM'000	Amounts due to a subsidiary RM'000	
At 1 July 2018, previously stated		4,939,282	-	497,341	5,436,623
Effects on adoption of MFRS 16	52	-	10,406	-	10,406
At 1 July 2018, restated		4,939,282	10,406	497,341	5,447,029
<u>Cash flows from financing activities</u>					
Finance costs paid		(86,409)	-	(12,452)	(98,861)
Loan raised		511,560	-	-	511,560
Loan repayments		(269,165)	-	-	(269,165)
Repayment of lease liabilities	41	-	(1,334)	-	(1,334)
<u>Non-cash changes</u>					
Finance costs	10	80,236	325	8,786	89,347
Finance costs capitalised	10	10,922	-	-	10,922
Exchange differences		103,137	-	18,090	121,227
At 31 December 2018		5,289,563	9,397	511,765	5,810,725

\* The borrowings include interest payable for the Company which was classified under trade and other payable in Note 43.

## STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2018

## NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)

## (B) Reconciliation of liabilities arising from financing activities (continued)

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows: (continued)

	Note	COMPANY					Total RM'000
		Borrowings* RM'000	Finance lease obligations RM'000	Amount due to former immediate holding company RM'000	Amounts due to a subsidiary RM'000	Amounts due to former fellow subsidiaries RM'000	
At 1 July 2017		5,665,044	19,443	145,392	742,679	1,291,944	7,864,502
<u>Cash flows from financing activities</u>							
Finance costs paid		(148,533)	(218)	-	(20,673)	(33,196)	(202,620)
Repayment of lease liabilities		-	(871)	-	-	-	(871)
Advance from former fellow subsidiaries		-	-	-	-	370,246	370,246
Repayment to former fellow subsidiaries		-	-	-	-	(601,745)	(601,745)
Repayment to a subsidiary		-	-	-	(194,128)	-	(194,128)
Loan repayments		(389,165)	-	-	-	-	(389,165)
<u>Non-cash changes</u>							
Finance costs	10	122,708	218	-	19,328	17,558	159,812
Finance costs capitalised	10	31,187	-	-	-	-	31,187
Assignment of debt from former immediate holding company to a former fellow subsidiary	49(g)	-	-	(145,392)	-	145,392	-
Proceed from sale of non-current assets held for sale	49(g)	-	-	-	-	(689,587)	(689,587)
Proceed from sale of property, plant and equipment	49(g)	-	-	-	-	(612)	(612)
Issuance of new ordinary shares to former immediate holding company	35	-	-	-	-	(500,000)	(500,000)
Termination of lease liabilities		-	(18,572)	-	-	-	(18,572)
Exchange differences		(341,959)	-	-	(49,865)	-	(391,824)
At 30 June 2018		4,939,282	-	-	497,341	-	5,436,623

\* The borrowings include interest payable for the Company which was classified under trade and other payable in Note 43.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 1. CORPORATE INFORMATION

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

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 53 to the financial statements. During the financial period, the Group acquired Markham Farming Company Limited whose principal activities include processing and marketing of coconut oils and cultivation of oil palm.

Other than the above, there were no significant changes in the nature of these activities during the financial period.

The Company is a public limited company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad commencing 30 November 2017. The registered office of the Company is located at Level 10, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

Following the approval by the Board of Directors, in their resolution dated 21 February 2018, on the change of the financial year end from 30 June to 31 December, the financial period covered in these financial statements is for a period of six (6) months from 1 July 2018 to 31 December 2018. Thereafter, the financial year of the Group and of the Company shall revert to twelve (12) months ending 31 December, for each subsequent year.

Consequently, the comparatives for the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows as well as certain comparatives in the notes to the financial statements of the Group and of the Company are not comparable to those of the previous 12 month ended 30 June 2018.

## 2. BASIS OF PREPARATION

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

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

The preparation of financial statements in conformity with MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**2. BASIS OF PREPARATION (CONTINUED)****(a) Accounting pronouncements that have been adopted in preparing these financial statements**

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

(i) New accounting pronouncements with effective date on or after 1 July 2018

- Amendments to MFRS 140 "Investment Property - Transfer of Investment Property"
- IC Interpretation 22 "Foreign Currency Translations and Advance Consideration"
- MFRS 9 "Financial Instruments"

The Group has adopted MFRS 9 for the first time in the financial statements, which resulted in changes in accounting policies. The Group has applied MFRS 9 retrospectively with the date of initial application of 1 July 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for 30 June 2018 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018.

The Group and the Company have assessed the impact of adoption of MFRS 9 on 1 July 2018 and have identified the following:

- The Group's and the Company's equity instruments that were previously classified as available-for-sale investments satisfy the conditions for classification under fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting treatment of these assets. Any impairment and foreign exchange differences on translation of monetary available-for-sale financial assets were recognised in other comprehensive income from 1 July 2018 onwards.
- Additional impairment of RM11.2 million and RM5.4 million respectively on the receivables based on expected credit loss ("ECL") model, which resulted in a decrease in retained earnings of RM8.3 million and RM4.5 million for the Group and the Company respectively as at 1 July 2018. The additional amounts were derived from probability-weighted assessments performed on receivables balance carried as at 30 June 2018. The resultant total impairment losses on receivables of RM54.8 million and RM312.8 million (including inter-company receivables) as at 1 July 2018 represent the lifetime ECL estimated by the Group and the Company on their receivables on adoption of the standard.

The detailed impact of change in accounting policies is set out in Note 52.

As permitted by the transitional provision of MFRS 9, the Group has elected to adopt the modified retrospective approach with the following practical expedients:

- Fair value of financial assets and financial liabilities at 1 July 2018 are treated as the new gross carrying amount of those financial assets or the new amortised cost of those financial liabilities at 1 July 2018.
- Prior periods are not restated. Differences between carrying amount as at 30 June 2018 and the carrying amount upon adoption of the standard are recognised in retained earnings as at 1 July 2018.
- The Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date those financial instruments were initially recognised for comparison with the credit risk at 1 July 2018.
- The Group assumes that the credit risk on its financial instruments have not increased significantly since initial recognition even though certain contractual payments may have been due for more than 30 days.

Other than MFRS 9, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future period.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 2. BASIS OF PREPARATION (CONTINUED)

### (a) Accounting pronouncements that have been adopted in preparing these financial statements (continued)

(ii) New accounting pronouncement that has yet to be effective but has been early adopted:

- MFRS 16 “Leases”

The Group has elected to early adopt MFRS 16 “Leases” which will take effect on or after 1 January 2019, on 1 July 2018.

MFRS 16 replaces the guidance in MFRS 117 “Leases”, IC Interpretation 4 “Determining whether an Arrangement contains a Lease”, IC Interpretation 115 “Operating Leases – Incentives” and IC Interpretation 127 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 “Property, Plant and Equipment” whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lease that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

As a result, leasehold land and prepaid lease rentals have been reclassified to ROU assets together with a recognition of additional RM186.1 million and RM10.4 million of ROU assets on 1 July 2018 for the Group and the Company respectively. The detailed impact of changes in accounting policies is set out in Note 52.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 July 2018 as an adjustment to the opening balance of retained earnings. The Group has also applied the following practical expedients under MFRS 16:

- No adjustments are made on transition for leases for which the underlying assets are of low value.
- A single discount rate is applied to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 July 2018.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

### (b) Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements

(i) Interpretation and amendments that are effective on or after 1 January 2019

- IC Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to MFRS 9 “Prepayment Features with Negative Compensation”
- Amendments to MFRS 119 “Plan amendment, curtailment or settlement”
- Amendments to MFRS 128 “Long-term Interest in Associates and Joint Ventures”
- Annual Improvements to MFRSs 2015-2017 Cycle

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 2. BASIS OF PREPARATION (CONTINUED)

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

(ii) Interpretation and amendments that are effective on or after 1 January 2020

- Amendments to MFRS 3 “Definition of a Business”
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”
- The Conceptual Framework for Financial Reporting

### (c) Accounting pronouncement where the effective date has been deferred to a date to be determined by the Malaysian Accounting Standards Board (“MASB”) is set out below:

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

## 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

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

### (a) Basis of consolidation

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

(i) Subsidiaries

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### (i) Subsidiaries (continued)

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

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

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

##### (ii) Business combinations under common control

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

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

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

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

##### (iii) Joint ventures

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)**

## (iii) Joint ventures (continued)

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

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

## (iv) Associates

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

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

**(b) Foreign currencies**

## (i) Presentation and functional currency

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

## (ii) Transactions and balances

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

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

## (iii) Translation of foreign currency financial statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (c) Property, plant and equipment

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

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

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

Bearer plants	
- Oil palm	22 years, or the lease term, if shorter
- Rubber trees	24 years, or the lease term, if shorter
- Growing canes	5 years, or the lease term, if shorter
Plant and machinery	5 to 40 years, or over the lease term, if shorter
Vehicles, equipment and fixtures	3 to 10 years

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

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

#### (d) Investment properties

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

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

Buildings	20 to 50 years, or over the lease term, if shorter
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The residual values and useful lives are reviewed, and adjusted if appropriate, annually. Investment properties are tested for impairment whenever indication of impairment exists, see Note 3(l)(i) on impairment of non-financial assets.

#### (e) Biological assets

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(f) Prepaid lease rentals**Accounting policies applied from 1 July 2018

Following the early adoption of MFRS 16 “Leases” on 1 July 2018, the Group has reclassified the carrying amount of prepaid lease rental to right-of-use (“ROU”) assets. See note 3(v) to the financial statements for the new accounting policies.

Accounting policies applied until 30 June 2018

Prepaid lease rentals represent payments for rights to use land over a pre-determined period that is accounted for as an operating lease and is stated at cost less accumulated amortisation and accumulated impairment losses. The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging generally from 20 to 50 years.

**(g) Intangible assets**

## (i) Goodwill

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

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

## (ii) Research and development costs

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (g) Intangible assets (continued)

##### (iii) Smallholder relationships

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

##### (iv) Computer software

Expenditure on computer software that is not an integral part of the related hardware is treated as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives. The annual amortisation rates range from 10% to 33%. Projects in progress are not amortised as these computer software are not yet available for use.

##### (v) Intellectual property rights

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

##### (vi) Other intangible assets

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

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

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

#### (h) Non-current assets held for sale

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

#### (i) Inventories

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(i) Inventories (continued)**

Costs for palm oil products and sugar stock includes all direct expenses, an appropriate proportion of variable and fixed overheads arising from manufacturing and head office expenses and the estimated fair value less costs of disposal attributed to agriculture produce at the point of harvest in accordance with MFRS 141 "Agriculture". The fair value of biological assets harvested from the Group's own plantations and sold during the year are recorded as part of the biological assets movement (see Note 18) and as part of "fair value changes in biological assets (net)" in determining profit.

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

**(j) Financial assets**Accounting policies applied from 1 July 2018

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- (i) Financial assets at amortised cost - Debt instruments (previously classified as loans and receivables)

The Group and the Company classify its financial assets at amortised cost when the asset is held within a business model with the objective to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest ("SPPI"). Financial assets of the Group and the Company which fall under this category are trade and other receivables, bank balances, deposits and cash.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with the related foreign exchange gains and losses.

- (ii) Financial assets at fair value through other comprehensive income ("FVOCI") - Equity instruments (previously classified as available-for-sale financial assets)

The Group and the Company have made an irrevocable election to classify its equity investments in unquoted shares under this category. At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, any fair value gains and losses on equity investments are recognised in investment in FVOCI reserve (previously known as available-for-sale reserve). On derecognition, the cumulative gain or loss is reclassified from investment in FVOCI reserve to retained earnings. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments are established.

Equity instruments designated at FVOCI are not subject to impairment assessment.

- (iii) Financial assets at fair value through profit or loss ("FVTPL") - Debt instruments

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Accordingly, the Group and the Company classify its non-hedging derivative assets under this category.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (j) Financial assets (continued)

##### Accounting policies applied from 1 July 2018 (continued)

From 1 July 2018, the Group classifies its financial assets in the following measurement categories: (continued)

##### (iii) Financial assets at fair value through profit or loss ("FVTPL") - Debt instruments (continued)

At initial recognition, the Group and the Company measure this financial asset at its fair value. Transaction costs attributable to the acquisition of the financial asset are expensed in profit or loss. Net changes in the fair value of financial assets at FVTPL are subsequently recognised in other gains and losses in profit or loss.

Purchases and sales of financial assets are recognised at trade date, the date at which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

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

See note 3(l)(ii) on impairment of financial assets.

##### Accounting policies applied until 30 June 2018

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

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

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

##### (ii) Loans and receivables

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

##### (iii) Available-for-sale financial assets

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(j) Financial assets (continued)**Accounting policies applied until 30 June 2018 (continued)

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

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

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

**(k) Derivatives and hedging activities**

Derivatives are measured at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

Since adoption of MFRS 9, the Group and the Company document at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transaction. Prior to 1 July 2018, the Group and the Company documented at the inception of the transaction, the relationship between hedging instruments and hedged items and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that were used in hedging transactions have been, and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

**(l) Impairment****(i) Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (I) Impairment (continued)

##### (i) Impairment of non-financial assets (continued)

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

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

An impairment loss recognised for goodwill is not reversed.

The Group and the Company perform impairment exercise annually and whenever events or circumstances occur indicating that impairment may exist.

##### (ii) Impairment of financial assets

###### Accounting policies applied from 1 July 2018

The Group and the Company recognise an allowance for expected credit loss ("ECL") for all debt instruments not held at FVTPL and financial guarantee contracts issued. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For financial guarantee contract, the ECL is the difference between expected payments to reimburse the holder of the guarantee debt instruments less any amounts the Group and the Company expect to recover from the other party.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

ECLs are measured based on a general 3-stage approach and a simplified approach.

###### General 3-stage approach for other receivables, non-trade inter-company balances, advances for plasma plantation projects and financial guarantee contracts issued

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

###### Simplified approach for trade receivables including inter-company balances

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(l) Impairment (continued)**

## (ii) Impairment of financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

The following indicators are incorporated in the assessment:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Definition of default

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

Grouping of instruments for ECL measured on collective basisCollective assessment

To measure ECL, trade receivables arising from plantation upstream and downstream, and other operations were assessed based on credit risk profile and grouped into two categories (i.e. local and export customers). Local customers are defined as the customers with operation presence within the country in which the entity operates. Export customers represent customers outside the country in which the entity operates. Both portfolios are differentiated by country risks and are subject to different credit assessment.

Individual assessment

Trade receivables, other receivables, advances from plasma plantation projects, amounts due from subsidiaries and amounts due from related parties which are in default or credit-impaired are assessed individually.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (l) Impairment (continued)

- (ii) Impairment of financial assets (continued)

Accounting policy applied until 30 June 2018

- (i) Loans and receivables

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

- (ii) Available-for-sale financial assets

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

#### (m) Share capital and Perpetual Sukuk

- (i) Share capital

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

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

- (ii) Perpetual Sukuk

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

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

#### (n) Provisions

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(o) Employee benefits****(i) Short-term employee benefits**

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

**(ii) Defined contribution pension plans**

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

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

**(iii) Defined benefit pension plans**

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

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

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

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

**(iv) Termination benefits**

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

**(v) Other long-term employee benefits**

Other long-term employee benefits such as deferred compensation payable 12 months or more after the service period are calculated based on the Group's and the Company's policy using the same methodology as other post-employment benefits.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (p) Financial liabilities

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

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

Financial liabilities are classified as FVTPL if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instruments.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs.

Accounting policies applied from 1 July 2018

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with expected credit loss under MFRS 9 "Financial Instruments" and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers".

Accounting policies applied until 30 June 2018

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with MFRS 137 "Provision, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

(iii) Financial liabilities at amortised cost (previously classified as other financial liabilities)

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

(iv) Derivatives used for hedging activities

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

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

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

#### (q) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and other short-term highly liquid investments (with original maturities of 3 months or less) and are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statements of financial position, bank overdrafts are included in short-term borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(r) Borrowings and borrowing costs**

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

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

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

**(s) Tax**

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

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

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

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

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

**(t) Deferred income**

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (u) Revenue

(i) Revenue from contracts with customers

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

Sales of agricultural produce and refined palm oil related products

The Group's and the Company's revenue are derived mainly from its upstream and downstream operations.

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

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

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

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

Rendering of services - Provision for freight, tolling and other services

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(u) Revenue (continued)**

## (ii) Revenue from other sources

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

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

**(v) Leases**Accounting policies applied from 1 July 2018

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	over the lease period ranging from 20 to 999 years
Buildings	20 to 50 years, or over the lease term, if shorter
Plant and machinery	5 to 40 years, or over the lease term, if shorter

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (v) Leases (continued)

##### Accounting policies applied until 30 June 2018

##### (i) Finance lease

Leases where the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property. Payments made under operating leases are recognised in the statements of profit or loss on a straight-line basis over the term of lease. Lease incentives received are recognised in the statements of profit or loss as an integral part of the total lease expense, over the term of the lease.

#### (w) Commodity future, forward contract and option

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

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

#### (x) Contingent liabilities

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(y) Segment reporting**

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

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

**(z) Fair value estimation**

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

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly

Level 3 – valuation inputs that are not based on observable market data

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES**

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

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

**(a) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the value in use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on historical and industry trends, general market and economic conditions and other available information.

The carrying amount of the Group's and the Company's goodwill as at 31 December 2018 were USD517.0 million (RM2,147.6 million based on 31 December 2018 exchange rate) arising from the acquisition of NBPOL and goodwill of RM1,974.8 million arising from the merger exercise of plantation businesses. Based on the impairment assessments, no impairment charge is required. The key assumptions are as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

##### (b) Impairment of property, plant and equipment and investments in subsidiaries

The Group and the Company assesses whether there is any indication that the property, plant and equipment and investments in subsidiaries are impaired at the end of each reporting period in accordance with the respective accounting policies. This requires an estimation of the recoverable amount of the cash generating units ("CGU"). Significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and the Company's test for impairment of assets.

During the financial period, impairments of property, plant and equipment of RM20.5 million were charged to the Group's statement of profit or loss. The impairments recognised by the Group were mainly attributed to impairment of the Group's property, plant and equipment in Liberia of RM14.5 million which the recoverable amounts of this CGU was determined based on the fair value less costs of disposal. The Group has injected additional fund into Sime Darby Plantation (Liberia) Inc. ("SDP Liberia"), a wholly-owned subsidiary as deemed equity for the purposes of supporting the Liberia operations. SDP Liberia did not meet its operating targets due to lower average CPO selling price and incurred higher operating costs which lead to higher losses as compared to the forecast. These were identified as indicators for an impairment test to be performed for Group's PPE in relation to its Liberia operations. The key assumptions and the sensitivity analysis are as disclosed in Note 16(d)(i) to the financial statements.

The Company also recorded impairment of investments in subsidiaries of RM136.1 million during the financial period. The impairments were mainly attributed to impairment of cost of investments in Sime Darby Plantation (Liberia) Inc. and Kumpulan Jelei Sdn Bhd of RM49.6 million and RM78.2 million respectively (see Note 21).

##### (c) Taxation

###### (i) Income taxes

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. The Group also recognised certain tax recoverable for which the Group believes that there is reasonable basis for recognition. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions and tax recoverable balance in the financial period in which such determination is made.

###### (ii) Deferred tax assets

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

During the financial period, the Group has recognised deferred tax assets arising from unutilised tax losses and other deductible temporary differences as disclosed in Note 27.

##### (d) Bearer plants

There are certain parcels of land use rights where the remaining periods are less than 25 years as at 31 December 2018. The assumption of further extension of the land use rights periods to be granted on those lands involve judgement on the future decision by the local authority and the explicit terms and conditions imposed on the land titles. Based on the management's assessment of the assumed extension of the land use rights, management is of the view that there is no impairment indicator of the related bearer plants.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**5. REVENUE**

The Group and the Company derive the following types of revenue:

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	5(a)	<b>6,529,131</b>	14,297,590	<b>1,642,464</b>	4,114,121
Revenue from other sources	5(b)	<b>13,417</b>	71,298	<b>9,576</b>	64,689
Total revenue		<b>6,542,548</b>	14,368,888	<b>1,652,040</b>	4,178,810

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

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Upstream					
- Malaysia		<b>473,237</b>	1,287,012	<b>314,989</b>	1,160,484
- Indonesia		<b>468,596</b>	791,003	-	-
- Papua New Guinea and Solomon Islands ("PNG/SI")		<b>581,693</b>	1,569,218	-	-
- Liberia		<b>24,227</b>	33,062	-	-
Downstream					
- Bulk products	5(a)(i)	<b>2,647,541</b>	5,314,485	<b>678,527</b>	2,188,384
- Differentiated products	5(a)(ii)	<b>2,305,006</b>	5,244,940	<b>645,295</b>	758,078
Other operations		<b>28,831</b>	57,870	<b>3,653</b>	7,175
		<b>6,529,131</b>	14,297,590	<b>1,642,464</b>	4,114,121

Notes:

- (i) Bulk products include basic refined products comprising Refined Bleached Deodorised ("RBD") palm oil, palm olein, stearin Palm Fatty Acid Distillate ("PFAD"), crude palm kernel oil which are refined in the bulk refineries and kernel crushing plants and coconut oils products which are extracted from the copra.
- (ii) Differentiated products are further processed from the basic refined products into products catering to customers' specific requirements.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 5. REVENUE (CONTINUED)

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

	GROUP		COMPANY	
	Financial period ended	Financial year ended	Financial period ended	Financial year ended
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products	6,416,746	14,105,060	1,638,070	4,104,016
Freight services	107,697	182,952	741	2,930
Tolling services	4,688	9,578	3,653	7,175
	<b>6,529,131</b>	14,297,590	<b>1,642,464</b>	4,114,121
Timing of revenue recognition				
- at point in time	6,416,746	14,105,060	1,638,070	4,104,016
- over time	112,385	192,530	4,394	10,105
	<b>6,529,131</b>	14,297,590	<b>1,642,464</b>	4,114,121

### (b) Revenue from other sources

	GROUP		COMPANY	
	Financial period ended	Financial year ended	Financial period ended	Financial year ended
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Dividends (gross) received/receivable from:				
- other investments	4,059	61,878	4,059	1,740
- subsidiaries	-	-	-	51,725
Rental income	9,358	9,420	5,517	11,224
	<b>13,417</b>	71,298	<b>9,576</b>	64,689

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

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the end of the financial period/year.

	Note	GROUP		COMPANY	
		Financial year ended	Financial period ended	Financial year ended	Financial period ended
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
Freight income	42	28,536	19,275	42	36

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 6. OPERATING EXPENSES

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
<b>(a) Operating expenses include:</b>					
Changes in inventories of finished goods and work-in-progress		<b>(692,002)</b>	(152,194)	<b>(47,766)</b>	14,081
Finished goods and work-in-progress purchased		<b>583,602</b>	1,006,803	-	-
Raw materials and consumables		<b>2,663,733</b>	4,310,305	<b>531,662</b>	1,230,015
Other direct costs of sales	6(b)	<b>1,238,903</b>	2,468,484	<b>291,818</b>	571,501
Employee costs	6(d)	<b>1,294,676</b>	2,442,638	<b>455,435</b>	829,006
Depreciation of:					
- property, plant and equipment	6(c)	<b>526,631</b>	1,081,099	<b>122,987</b>	241,636
- right-of-use assets	6(c)	<b>63,357</b>	-	<b>2,627</b>	-
- investment properties	17	<b>40</b>	79	-	-
Amortisation of:					
- intangible assets	24	<b>19,077</b>	34,686	<b>4,741</b>	8,884
- prepaid lease rentals	19	-	37,783	-	-
Other operating expenses	6(e)	<b>487,174</b>	1,511,624	<b>314,699</b>	713,282
		<b>6,185,191</b>	12,741,307	<b>1,676,203</b>	3,608,405
<b>(b) Other direct costs of sales include:</b>					
Transport and handling charges		<b>394,998</b>	798,364	<b>31,935</b>	70,524
Commissions fees		<b>3,589</b>	1,892	<b>23,336</b>	50,336
Tolling fees		<b>9,900</b>	1,023	<b>4,436</b>	11,487
Upkeep, manuring, and collection expenses		<b>376,199</b>	757,633	<b>118,592</b>	248,302
Selling and distribution expenses		<b>98,827</b>	124,159	<b>457</b>	800
Mills and refineries maintenance expenses		<b>148,081</b>	386,083	<b>37,292</b>	77,651
Research expenses		<b>1,586</b>	8,098	<b>46,926</b>	89,933
Others		<b>205,723</b>	391,232	<b>28,844</b>	22,468
		<b>1,238,903</b>	2,468,484	<b>291,818</b>	571,501

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

6. OPERATING EXPENSES (CONTINUED)

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
<b>(c) Depreciation</b>					
Depreciation for the financial period/year					
- property, plant and equipment	16	<b>543,747</b>	1,116,475	<b>127,622</b>	251,237
- right-of-use assets	20	<b>64,908</b>	-	<b>2,843</b>	-
Depreciation for property, plant and equipment capitalised to immature bearer plants		<b>(17,116)</b>	(35,376)	<b>(4,635)</b>	(9,601)
Depreciation for right-of-use assets capitalised to immature bearer plants		<b>(1,551)</b>	-	<b>(216)</b>	-
Depreciation included in profit or loss	6(a)	<b>589,988</b>	1,081,099	<b>125,614</b>	241,636
<b>(d) Employee costs include:</b>					
Salaries, wages and bonus		<b>1,032,998</b>	1,990,939	<b>316,654</b>	583,258
Defined contribution plans		<b>62,996</b>	114,953	<b>49,706</b>	101,558
Retirement benefits	39	<b>12,838</b>	31,363	<b>4,262</b>	9,492
Termination benefits		<b>19,566</b>	21,698	<b>12,897</b>	8,555
Other employee benefits		<b>166,278</b>	283,685	<b>71,916</b>	126,143
		<b>1,294,676</b>	2,442,638	<b>455,435</b>	829,006

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

6. OPERATING EXPENSES (CONTINUED)

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
<b>(e) Other operating expenses include:</b>					
Fair value changes in biological assets (net)		<b>(22,939)</b>	29,734	<b>17,145</b>	18,428
Impairment of:					
- property, plant and equipment	16	<b>20,508</b>	194,693	<b>1,296</b>	11,000
- prepaid lease rentals	19	-	5,025	-	-
- investment in subsidiaries	21	-	-	<b>136,084</b>	405,692
- investment in associates	23	-	126,157	-	-
- available-for-sale investments	25	-	22,424	-	-
- advances for plasma plantation projects	50(c)(iii)	<b>3,440</b>	1,248	-	-
- trade and other receivables	50(c)(iii)	<b>5,768</b>	14,504	<b>2,724</b>	13,106
- amounts due from subsidiaries	50(c)(iii)	-	-	<b>11,795</b>	61,658
Settlement of associate's bank borrowings		-	22,300	-	22,300
Bad debts written off	50(c)(iii)	<b>97</b>	1,103	-	-
Intangible assets written off	24	<b>193</b>	1,062	<b>193</b>	-
Property, plant and equipment written off	16	<b>32,268</b>	39,691	<b>12,241</b>	12,055
Donations*		<b>20,000</b>	(63,457)	<b>21,042</b>	(95,202)
Insurance charges		<b>13,150</b>	31,831	<b>2,562</b>	8,277
Information technology charges		<b>38,068</b>	78,574	<b>14,339</b>	26,591
Management fees to a former fellow subsidiary		-	14,036	-	14,036
Professional fees		<b>36,720</b>	114,943	<b>8,702</b>	41,681
Quit rent and assessment		<b>22,127</b>	49,431	<b>8,282</b>	21,518
Rental expenses		<b>12,999</b>	64,511	<b>8,283</b>	20,527
Repairs and maintenance		<b>103,751</b>	243,003	<b>17,290</b>	33,525
Telecommunication expenses		<b>4,949</b>	8,464	<b>471</b>	1,380
Travelling expenditure		<b>28,033</b>	56,849	<b>5,284</b>	11,314
Utilities expenditure		<b>67,262</b>	123,942	<b>16,250</b>	32,653
Compensation on termination of finance lease obligation		-	10,550	-	-
Inventories write-down		<b>4,070</b>	7,177	<b>50</b>	110

\* Donations for the financial year ended 30 June 2018 include a write back of contribution to Yayasan Sime Darby of RM95.2 million.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

6. OPERATING EXPENSES (CONTINUED)

	GROUP		COMPANY	
	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>(f) Auditors' remuneration</b>				
Fees for statutory audits:				
- PricewaterhouseCoopers PLT, Malaysia	<b>2,659</b>	2,810	<b>1,564</b>	1,741
- Member firms of PricewaterhouseCoopers International Limited	<b>6,309</b>	6,906	-	-
- Other firms	<b>644</b>	653	-	-
	<b>9,612</b>	10,369	<b>1,564</b>	1,741
Fees for assurance related services				
- PricewaterhouseCoopers PLT, Malaysia	-	2,789	-	2,789
- Member firms of PricewaterhouseCoopers International Limited	-	733	-	-
	-	3,522	-	2,789
Fees for non-audit services				
- PricewaterhouseCoopers PLT, Malaysia	<b>149</b>	299	<b>149</b>	299
- Member firms of PricewaterhouseCoopers International Limited	<b>1,439</b>	1,555	-	-
- Other firms	<b>4,614</b>	455	<b>4,413</b>	455
	<b>6,202</b>	2,309	<b>4,562</b>	754

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 7. OTHER OPERATING INCOME

	Note	GROUP		COMPANY	
		Financial period ended	Financial year ended	Financial period ended	Financial year ended
		31.12.2018	30.06.2018	31.12.2018	30.06.2018
		RM'000	RM'000	RM'000	RM'000
Gain on disposal of:					
- property, plant and equipment		<b>35,589</b>	224,922	<b>26,328</b>	200,518
- non-current assets held for sale		<b>46,058</b>	676,429	<b>16,756</b>	610,564
Government grants/incentives		<b>3,117</b>	310	-	-
Insurance claims		<b>10,201</b>	12,569	<b>5,675</b>	3,379
Other compensation income		<b>9,320</b>	5,827	<b>8,919</b>	5,827
Reversal of impairment of:					
- investment in subsidiaries	21	-	-	<b>72,509</b>	51
- advances for plasma plantation projects	50(c)(iii)	<b>315</b>	1,928	-	-
- trade and other receivables	50(c)(iii)	<b>7,498</b>	3,404	-	-
- amounts due from subsidiaries	50(c)(iii)	-	-	-	2,531
Sale of scrap		<b>14,195</b>	26,333	<b>2,428</b>	1,499
Sale of rubber wood		<b>428</b>	2,383	<b>428</b>	2,383
Other income		<b>28,899</b>	43,745	<b>4,898</b>	9,917
		<b>155,620</b>	997,850	<b>137,941</b>	836,669

## 8. OTHER GAINS AND LOSSES

	GROUP		COMPANY	
	Financial period ended	Financial year ended	Financial period ended	Financial year ended
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Fair value losses on forward foreign exchange contracts:				
- non-hedging derivatives	-	(18,031)	-	(1,183)
- cash flow hedge	<b>(7,966)</b>	-	-	(378)
Fair value losses on commodities future contracts	-	(22,479)	<b>(3,849)</b>	(26,305)
Foreign currencies exchange losses:				
- realised	<b>(15,627)</b>	(35,422)	<b>(32,741)</b>	(15,637)
- unrealised	<b>(17,114)</b>	(97,675)	<b>(121,603)</b>	(24,336)
Fair value gains on forward foreign exchange contracts:				
- non-hedging derivatives	<b>8,838</b>	-	<b>1,112</b>	-
- cash flow hedge	-	27,682	<b>267</b>	-
Fair value gains on commodities future contracts	<b>3,268</b>	-	-	-
Foreign currencies exchange gains:				
- realised	<b>27,092</b>	34,954	<b>1,111</b>	35,418
- unrealised	<b>43,932</b>	58,304	<b>1,765</b>	373,231
	<b>42,423</b>	(52,667)	<b>(153,938)</b>	340,810

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 9. FINANCE INCOME

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Finance income from:					
- accretion of interests	50(c)(iii)	-	7,599	-	-
- banks and other financial institutions		<b>5,146</b>	11,601	<b>957</b>	3,853
- subsidiaries		-	-	<b>7,155</b>	14,332
- others		<b>3,327</b>	5,233	<b>822</b>	723
		<b>8,473</b>	24,433	<b>8,934</b>	18,908

## 10. FINANCE COSTS

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Finance costs charged by:					
- banks and other financial institutions		<b>117,614</b>	199,986	<b>86,516</b>	145,311
- finance lease of plant and machinery		-	1,044	-	218
- lease liabilities		<b>4,614</b>	-	<b>325</b>	-
- a former fellow subsidiary		-	17,558	-	17,558
- subsidiaries		-	-	<b>8,786</b>	19,328
Amortisation of deferred financing expenses	40	<b>5,209</b>	9,890	<b>4,642</b>	8,584
		<b>127,437</b>	228,478	<b>100,269</b>	190,999
Interests capitalised in:					
- capital work-in-progress	16	<b>(875)</b>	(5,834)	<b>(840)</b>	(2,575)
- bearer plants	16	<b>(16,476)</b>	(38,828)	<b>(9,981)</b>	(28,256)
- intangible assets	24	<b>(101)</b>	(356)	<b>(101)</b>	(356)
		<b>(17,452)</b>	(45,018)	<b>(10,922)</b>	(31,187)
Net finance costs		<b>109,985</b>	183,460	<b>89,347</b>	159,812

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 11. DIRECTORS' REMUNERATION

	Note	GROUP		COMPANY	
		Financial period ended	Financial year ended	Financial period ended	Financial year ended
		31.12.2018	30.06.2018	31.12.2018	30.06.2018
		RM'000	RM'000	RM'000	RM'000
Non-executive Directors:					
- fees and allowances		<b>2,153</b>	3,323	<b>1,938</b>	2,897
- estimated monetary value of benefits		<b>108</b>	195	<b>108</b>	195
		<b>2,261</b>	3,518	<b>2,046</b>	3,092
Executive Directors:					
- salaries and other emoluments		<b>2,386</b>	1,844	<b>2,386</b>	1,844
- defined contribution pension plans		<b>376</b>	285	<b>376</b>	285
- estimated monetary value of benefits		<b>29</b>	21	<b>29</b>	21
		<b>2,791</b>	2,150	<b>2,791</b>	2,150

## 12. TAX EXPENSE

	Note	GROUP		COMPANY	
		Financial period ended	Financial year ended	Financial period ended	Financial year ended
		31.12.2018	30.06.2018	31.12.2018	30.06.2018
		RM'000	RM'000	RM'000	RM'000
Current tax:					
In respect of current financial period/year					
- Malaysian income tax		<b>25,418</b>	174,354	<b>7,389</b>	116,096
- foreign income tax		<b>48,699</b>	195,063	-	-
		<b>74,117</b>	369,417	<b>7,389</b>	116,096
In respect of prior financial years					
- Malaysian income tax		<b>(33)</b>	(6,546)	<b>1,553</b>	(4,688)
- foreign income tax		<b>(1,274)</b>	22,419	-	-
		<b>(1,307)</b>	15,873	<b>1,553</b>	(4,688)
Deferred tax					
- origination and reversal of temporary differences	27	<b>72,442</b>	106,257	<b>7,028</b>	84,975
Tax expense		<b>145,252</b>	491,547	<b>15,970</b>	196,383

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 12. TAX EXPENSE (CONTINUED)

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

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018	Financial year ended 30.06.2018	Financial period ended 31.12.2018	Financial year ended 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax		<b>457,047</b>	2,376,950	<b>(120,573)</b>	1,606,980
Applicable tax		<b>107,772</b>	605,781	<b>(28,937)</b>	385,675
Effects of income not subject to tax		<b>(35,620)</b>	(285,996)	<b>(16,648)</b>	(321,475)
Effects of expenses not deductible for tax purposes		<b>57,920</b>	182,404	<b>87,321</b>	200,681
Expenses subject to double deductions		<b>(14,405)</b>	(28,907)	<b>(12,280)</b>	(21,841)
Deferred tax assets not recognised in respect of tax losses and deductible temporary differences for the current financial period/year		<b>40,828</b>	33,068	-	-
(Over)/under provision in respect of prior financial years		<b>(1,307)</b>	15,873	<b>1,553</b>	(4,688)
Perpetual Sukuk distribution and expenses		<b>(15,039)</b>	(29,832)	<b>(15,039)</b>	(29,832)
Effect of changes in tax rates on current tax	12(b)	-	(12,137)	-	(12,137)
Share of tax expense from associates and joint ventures		<b>5,103</b>	11,293	-	-
Tax expense for the financial period/year		<b>145,252</b>	491,547	<b>15,970</b>	196,383
Applicable tax rate (average) (%)	12(a)	<b>23.6</b>	25.5	<b>24.0</b>	24.0
Effective tax rate (%)		<b>31.8</b>	20.7	<b>(13.2)</b>	12.2

- (a) The applicable tax rate of the Group is derived from the consolidation of all the Group's companies' applicable tax rates based on their respective domestic tax rates. The applicable tax of the Company is the product of profit before tax multiplied by the domestic tax rate of the Company.
- (b) On 10 April 2017, Malaysia released an Exemption Order ("the Order") to formalise a proposal in the 2017 Budget to temporarily reduce corporate income tax rates based on incremental taxable income compared to the preceding year of assessment ("YA"). The Order is applicable for YA 2017 and YA 2018 only. During the financial year ended 30 June 2018, the Company achieve an incremental taxable income of more than 20% and therefore the Company is entitled to a lower taxable rate at 20% for the incremental taxable income.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**13. EARNINGS PER SHARE**Basic earnings per share

The basic earnings per share for the financial period/year has been calculated based on the Group's net profit attributable to the equity holders of the Company for the financial period/year and the weighted average number of ordinary shares in issue during the financial period/year.

	GROUP	
	Financial period ended 31.12.2018	Financial year ended 30.06.2018
Profit for the financial period/year attributable to equity holders of the Company (RM'000)	243,508	1,727,479
Weighted average number of ordinary shares in issue ('000)	6,800,839	6,768,721
Basic earnings per share (sen)	3.58	25.52

Diluted earnings per share

There is no dilution in earnings per share as there is no potential diluted ordinary shares.

**14. DIVIDENDS**

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

	GROUP	
	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
Dividends for the financial year ended 30 June 2018:		
Special interim single tier dividend of RM0.03 per share, paid on 5 October 2018 (30 June 2018: RM0.035 per share)	204,025	238,029
Final single tier dividend of RM0.08 per share, paid on 7 January 2019	544,067	-
Special final single tier dividend of RM0.03 per share, paid on 7 January 2019	204,025	-
	<b>952,117</b>	<b>238,029</b>

The special interim single tier dividend was paid in cash.

The final single tier dividend and special final single tier dividend (the "FYE June 2018 Final Dividend") were approved by the shareholders during the Annual General Meeting on 21 November 2018. During the Extraordinary General Meeting held on the same day, the shareholders of the Company approved the establishment of the Dividend Reinvestment Plan that provides the shareholders of the Company with an option to elect to reinvest their dividend in new ordinary shares of the Company ("DRP"). The Board determined that the DRP shall apply to the FYE June 2018 Final Dividend.

The FYE June 2018 Final Dividend of RM748.1 million were paid on 7 January 2019, RM406.1 million satisfied by the issuance of 83,735,906 new Sime Darby Plantation Berhad shares pursuant to the DRP and the balance of RM342.0 million was paid in cash.

A final single tier dividend of 1.7 sen per ordinary share in respect of the financial period ended 31 December 2018 has been declared on 28 February 2019 and will be paid on 21 May 2019. The entitlement date for the dividend payment is 10 May 2019.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

15. OTHER COMPREHENSIVE INCOME

	GROUP						
	Attributable to equity holders of the Company					Non-controlling interests RM'000	Total RM'000
	Hedging reserve RM'000	Investments at FVOCI reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>31 December 2018</b>							
Items that will be reclassified subsequently to profit or loss:							
Currency translation differences:							
- subsidiaries	-	-	163,219	-	163,219	5,233	168,452
- joint ventures	-	-	4,872	-	4,872	-	4,872
Net changes in fair value:							
- cash flow hedge	(12,517)	-	-	-	(12,517)	-	(12,517)
Tax expenses relating to components of other comprehensive income	(975)	-	-	-	(975)	-	(975)
Items that will not be reclassified subsequently to profit or loss:							
Actuarial loss on defined benefit plans	-	-	-	(1,911)	(1,911)	(189)	(2,100)
Net changes in fair value:							
- investment at FVOCI	-	850	-	-	850	354	1,204
Share of other comprehensive income of joint ventures	-	-	-	3,231	3,231	-	3,231
Tax credit relating to actuarial loss on defined benefit plans	-	-	-	478	478	48	526
	(13,492)	850	168,091	1,798	157,247	5,446	162,693

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 15. OTHER COMPREHENSIVE INCOME (CONTINUED)

	GROUP							
	Attributable to equity holders of the Company					Total RM'000	Non- controlling interests RM'000	Total RM'000
	Hedging reserve RM'000	Available- for- sale reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000				
<b>30 June 2018</b>								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences:								
- subsidiaries	-	-	(695,401)	-	(695,401)	(32,663)	(728,064)	
- joint ventures	-	-	(13,138)	-	(13,138)	-	(13,138)	
Net changes in fair value:								
- available-for-sale investments	-	(49,968)	-	-	(49,968)	(9,561)	(59,529)	
- cash flow hedge	48,669	-	-	-	48,669	(346)	48,323	
Tax credit relating to components of other comprehensive income	90	-	-	-	90	-	90	
Items that will not be reclassified subsequently to profit or loss:								
Actuarial gain on defined benefit plans	-	-	-	19,853	19,853	1,302	21,155	
Share of other comprehensive loss of joint ventures	-	-	-	(5,637)	(5,637)	-	(5,637)	
Tax expenses relating to actuarial gain on defined benefit plans	-	-	-	(4,964)	(4,964)	(280)	(5,244)	
	48,759	(49,968)	(708,539)	9,252	(700,496)	(41,548)	(742,044)	



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**15. OTHER COMPREHENSIVE INCOME (CONTINUED)**

	COMPANY			
	Investments at FVOCI reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>31 December 2018</b>				
Items that will be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- cash flow hedge	-	(7,198)	-	(7,198)
Tax credit relating to cash flow hedge	-	26	-	26
Items that will not be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- investment at FVOCI	(839)	-	-	(839)
	<b>(839)</b>	<b>(7,172)</b>	<b>-</b>	<b>(8,011)</b>

	COMPANY			
	Available-for- sale reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>30 June 2018</b>				
Items that will be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- available-for-sale investments	(145)	-	-	(145)
- cash flow hedge	-	24,830	-	24,830
Tax expenses relating to cash flow hedge	-	(199)	-	(199)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on defined benefit plans	-	-	3,134	3,134
Tax expenses relating to actuarial gain	-	-	(752)	(752)
	<b>(145)</b>	<b>24,631</b>	<b>2,382</b>	<b>26,868</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 16. PROPERTY, PLANT AND EQUIPMENT

	Note	GROUP							Total RM'000
		Freehold land RM'000	Leasehold land RM'000	Buildings (Note 16(a)) RM'000	Bearer plants RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in- progress RM'000	
<b>31 December 2018</b>									
Net Book Value									
At 1 July 2018, as previously stated		2,758,103	1,445,885	3,093,500	7,378,752	1,861,652	436,552	767,596	17,742,040
Effect of adoption of MFRS 16	52	-	(1,445,885)	(4,486)	-	(11,983)	-	-	(1,462,354)
At 1 July 2018, restated		2,758,103	-	3,089,014	7,378,752	1,849,669	436,552	767,596	16,279,686
Additions		-	-	17,678	494,596	27,146	72,222	219,990	831,632
Disposals		(5,262)	-	(5)	(3,088)	-	(295)	-	(8,650)
Write offs	6(e)	-	-	(1,011)	(21,640)	(3,764)	(379)	(5,474)	(32,268)
Depreciation charge for the financial period	6(c)	-	-	(114,807)	(227,917)	(132,701)	(68,322)	-	(543,747)
Impairment charge for the financial period	6(e)	-	-	(646)	(15,921)	(2,599)	(1,342)	-	(20,508)
Acquisition of a subsidiary	44(a)	-	-	13,624	201,287	26,793	2,410	-	244,114
Reclassification		-	-	98,830	-	108,615	34,475	(241,920)	-
Exchange differences		7,022	-	55,764	109,742	61,997	9,853	9,436	253,814
At 31 December 2018		2,759,863	-	3,158,441	7,915,811	1,935,156	485,174	749,628	17,004,073
At 31 December 2018									
Cost		2,759,863	-	4,780,771	11,250,462	4,061,486	2,201,542	768,787	25,822,911
Accumulated depreciation		-	-	(1,565,903)	(3,038,299)	(1,977,062)	(1,708,472)	-	(8,289,736)
Accumulated impairment losses		-	-	(56,427)	(296,352)	(149,268)	(7,896)	(19,159)	(529,102)
Net book value		2,759,863	-	3,158,441	7,915,811	1,935,156	485,174	749,628	17,004,073

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	GROUP							Total RM'000
		Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants (Note 16(a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in- progress RM'000	
<b>30 June 2018</b>									
Net Book Value									
At 1 July 2017		2,764,930	1,504,492	3,563,214	7,404,067	1,720,395	503,387	879,110	18,339,595
Additions		-	-	14,277	945,762	74,290	58,180	483,313	1,575,822
Disposals		(3,578)	(922)	(16,468)	(5,162)	(39,761)	(17,195)	-	(83,086)
Write offs	6(e)	-	(8)	(1,659)	(37,324)	(311)	(13)	(376)	(39,691)
Depreciation charge for the financial year	6(c)	-	(24,355)	(225,788)	(439,036)	(297,018)	(130,278)	-	(1,116,475)
Impairment charge for the financial year	6(e)	-	-	(2,842)	(118,565)	(57,541)	(4,080)	(11,665)	(194,693)
Transfers (to)/from:									
- non-current assets held for sale	34	-	-	(1,072)	278	(7,760)	335	1,555	(6,664)
- inventories		-	-	-	11,640	-	-	-	11,640
- other receivables		-	-	-	956	-	-	-	956
Reclassification		-	-	58,301	-	481,781	42,435	(582,517)	-
Exchange differences		(3,249)	(33,322)	(294,463)	(383,864)	(12,423)	(16,219)	(1,824)	(745,364)
At 30 June 2018		2,758,103	1,445,885	3,093,500	7,378,752	1,861,652	436,552	767,596	17,742,040
At 30 June 2018									
Cost		2,758,103	1,809,435	4,583,556	10,522,145	3,915,578	2,087,066	787,027	26,462,910
Accumulated depreciation		-	(347,819)	(1,435,414)	(2,843,996)	(1,894,330)	(1,644,044)	-	(8,165,603)
Accumulated impairment losses		-	(15,731)	(54,642)	(299,397)	(159,596)	(6,470)	(19,431)	(555,267)
Net book value		2,758,103	1,445,885	3,093,500	7,378,752	1,861,652	436,552	767,596	17,742,040

Included in additions of the Group's property, plant and equipment ("PPE") during the financial period are depreciation charged for PPE of RM17.1 million (30 June 2018: RM35.4 million) and depreciation charged for right-of-use assets of RM1.6 million (30 June 2018: NIL) capitalised in immature bearer plants, borrowing costs capitalised in capital work-in-progress of RM0.9 million (30 June 2018: RM5.8 million) and borrowing costs capitalised in immature bearer plants of RM16.5 million (30 June 2018: RM38.8 million).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	Note	COMPANY							Total RM'000
		Freehold land RM'000	Leasehold land RM'000	Buildings (Note 16(a)) RM'000	Bearer plants RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in- progress RM'000	
<b>31 December 2018</b>									
Net Book Value									
At 1 July 2018, as previously stated		4,106,922	279,965	1,014,037	2,101,439	353,211	111,020	65,592	8,032,186
Effect of adoption of MFRS 16	52	-	(279,965)	-	-	-	-	-	(279,965)
At 1 July 2018, restated		4,106,922	-	1,014,037	2,101,439	353,211	111,020	65,592	7,752,221
Additions		-	-	3,258	160,411	5,872	21,771	35,095	226,407
Intra group acquisition		-	-	9,875	-	561	49	-	10,485
Disposals		(4,817)	-	-	-	-	-	-	(4,817)
Intra group disposal		-	-	(152)	-	(694)	(3,303)	-	(4,149)
Write offs	6(e)	-	-	(191)	(10,276)	(1,547)	(11)	(216)	(12,241)
Depreciation charge for the financial period	6(c)	-	-	(29,091)	(45,669)	(34,334)	(18,528)	-	(127,622)
Impairment charge for the financial period	6(e)	-	-	-	-	(1,296)	-	-	(1,296)
Reclassification		-	-	15,977	-	20,382	5,631	(41,990)	-
At 31 December 2018		4,102,105	-	1,013,713	2,205,905	342,155	116,629	58,481	7,838,988
At 31 December 2018									
Cost		4,102,105	-	1,441,879	2,834,184	864,440	400,630	58,481	9,701,719
Accumulated depreciation		-	-	(428,166)	(628,279)	(518,837)	(284,001)	-	(1,859,283)
Accumulated impairment losses		-	-	-	-	(3,448)	-	-	(3,448)
Net book value		4,102,105	-	1,013,713	2,205,905	342,155	116,629	58,481	7,838,988

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	COMPANY							Total RM'000	
	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants (Note 16(a)) RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000		Capital work-in- progress RM'000
<b>30 June 2018</b>									
Net Book Value									
At 1 July 2017		4,110,400	283,401	1,036,009	1,878,333	413,955	119,042	62,733	7,903,873
Additions		-	-	8,631	316,335	7,162	21,062	63,463	416,653
Intra group acquisition		-	-	5,472	-	3,382	274	-	9,128
Disposals		(3,468)	(44)	-	-	(19,936)	-	-	(23,448)
Intra group disposals		-	-	-	-	-	(58)	-	(58)
Write offs	6(e)	-	-	(1,280)	(10,229)	(333)	(60)	(153)	(12,055)
Depreciation charge for the financial year	6(c)	-	(3,392)	(56,436)	(83,278)	(69,597)	(38,534)	-	(251,237)
Impairment charge for the financial year	6(e)	-	-	-	-	(11,000)	-	-	(11,000)
Transfers (to)/from non-current assets held for sale	34	(10)	-	-	278	-	312	-	580
Transfers to intangible assets	24	-	-	-	-	-	-	(250)	(250)
Reclassification		-	-	21,641	-	29,578	8,982	(60,201)	-
At 30 June 2018		4,106,922	279,965	1,014,037	2,101,439	353,211	111,020	65,592	8,032,186
At 30 June 2018									
Cost		4,106,922	316,623	1,416,029	2,706,602	856,065	378,564	65,592	9,846,397
Accumulated depreciation		-	(36,658)	(401,992)	(605,163)	(491,854)	(267,544)	-	(1,803,211)
Accumulated impairment losses		-	-	-	-	(11,000)	-	-	(11,000)
Net book value		4,106,922	279,965	1,014,037	2,101,439	353,211	111,020	65,592	8,032,186

Included in additions of the Company's property, plant and equipment ("PPE") during the financial period are depreciation charged for PPE of RM4.6 million (30 June 2018: RM9.6 million) and depreciation charged for right-of-use assets of RM0.2 million (30 June 2018: NIL) capitalised in immature bearer plants, borrowing costs capitalised in capital work-in-progress of RM0.8 million (30 June 2018: RM2.6 million) and borrowing costs capitalised in immature bearer plants of RM10.0 million (30 June 2018: RM28.3 million).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Bearer plants**

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

	GROUP							Total bearer plants RM'000
	Mature			Immature				
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	
<b>31 December 2018</b>								
Net Book Value								
At 1 July 2018	5,093,766	38,895	8,759	5,141,420	2,097,350	139,982	2,237,332	7,378,752
Additions	353	-	-	353	465,523	28,720	494,243	494,596
Disposals	(3,088)	-	-	(3,088)	-	-	-	(3,088)
Write offs	(19,203)	(211)	-	(19,414)	(2,226)	-	(2,226)	(21,640)
Depreciation charge for the financial period	(217,292)	(1,263)	(9,362)	(227,917)	-	-	-	(227,917)
Impairment charge for the financial period	(14,582)	-	-	(14,582)	(1,339)	-	(1,339)	(15,921)
Acquisition of a subsidiary	-	-	-	-	201,287	-	201,287	201,287
Reclassification	295,435	6,595	-	302,030	(295,435)	(6,595)	(302,030)	-
Exchange differences	94,695	-	826	95,521	14,101	120	14,221	109,742
At 31 December 2018	5,230,084	44,016	223	5,274,323	2,479,261	162,227	2,641,488	7,915,811
At 31 December 2018								
Cost	8,444,690	56,049	98,233	8,598,972	2,486,343	165,147	2,651,490	11,250,462
Accumulated depreciation	(2,928,256)	(12,033)	(98,010)	(3,038,299)	-	-	-	(3,038,299)
Accumulated impairment losses	(286,350)	-	-	(286,350)	(7,082)	(2,920)	(10,002)	(296,352)
Net book value	5,230,084	44,016	223	5,274,323	2,479,261	162,227	2,641,488	7,915,811

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

	GROUP						
	Mature			Immature			
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total bearer plants RM'000
<b>30 June 2018</b>							
Net Book Value							
At 1 July 2017	5,037,191	11,593	30,088	5,078,872	2,145,825	179,370	2,325,195
Additions	-	-	-	-	921,527	24,235	945,762
Disposals	(5,162)	-	-	(5,162)	-	-	(5,162)
Write offs	(36,055)	-	-	(36,055)	(1,269)	-	(37,324)
Depreciation charge for the financial year	(423,474)	(251)	(15,311)	(439,036)	-	-	(439,036)
Impairment charge for the financial year	(84,948)	-	-	(84,948)	(4,019)	(29,598)	(33,617)
Transfers from:							
- non-current assets held for sale	278	-	-	278	-	-	278
- inventories	-	-	-	-	11,640	-	11,640
- other receivables	-	-	-	-	956	-	956
Reclassification	807,334	27,553	-	834,887	(807,334)	(27,553)	(834,887)
Exchange differences	(201,398)	-	(6,018)	(207,416)	(169,976)	(6,472)	(176,448)
At 30 June 2018	5,093,766	38,895	8,759	5,141,420	2,097,350	139,982	2,237,332
At 30 June 2018							
Cost	8,105,179	50,070	95,834	8,251,083	2,101,598	169,464	2,271,062
Accumulated depreciation	(2,745,746)	(11,175)	(87,075)	(2,843,996)	-	-	(2,843,996)
Accumulated impairment losses	(265,667)	-	-	(265,667)	(4,248)	(29,482)	(33,730)
Net book value	5,093,766	38,895	8,759	5,141,420	2,097,350	139,982	2,237,332
							7,378,752

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

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

## (a) Bearer plants (continued)

	COMPANY						Total bearer plants RM'000
	Mature			Immature			
	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	
<b>31 December 2018</b>							
Net Book Value:							
At 1 July 2018	1,358,304	38,895	1,397,199	568,045	136,195	704,240	2,101,439
Additions	-	-	-	138,257	22,154	160,411	160,411
Write offs	(7,839)	(211)	(8,050)	(2,226)	-	(2,226)	(10,276)
Depreciation charge for the financial period	(44,406)	(1,263)	(45,669)	-	-	-	(45,669)
Reclassification	93,319	6,595	99,914	(93,319)	(6,595)	(99,914)	-
At 31 December 2018	<b>1,399,378</b>	<b>44,016</b>	<b>1,443,394</b>	<b>610,757</b>	<b>151,754</b>	<b>762,511</b>	<b>2,205,905</b>
At 31 December 2018							
Cost	2,015,624	56,049	2,071,673	610,757	151,754	762,511	2,834,184
Accumulated depreciation	(616,246)	(12,033)	(628,279)	-	-	-	(628,279)
Net book value	<b>1,399,378</b>	<b>44,016</b>	<b>1,443,394</b>	<b>610,757</b>	<b>151,754</b>	<b>762,511</b>	<b>2,205,905</b>



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

	COMPANY					
	Mature			Immature		
	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000
						Total bearer plants RM'000
<b>30 June 2018</b>						
Net Book Value:						
At 1 July 2017	1,132,836	11,593	1,144,429	608,520	125,384	733,904
Additions	-	-	-	277,971	38,364	316,335
Write offs	(8,960)	-	(8,960)	(1,269)	-	(1,269)
Depreciation charge for the financial year	(83,027)	(251)	(83,278)	-	-	(83,278)
Transfers from non-current assets held for sale	278	-	278	-	-	278
Reclassification	317,177	27,553	344,730	(317,177)	(27,553)	(344,730)
At 30 June 2018	1,358,304	38,895	1,397,199	568,045	136,195	704,240
At 30 June 2018						
Cost	1,952,292	50,070	2,002,362	568,045	136,195	704,240
Accumulated depreciation	(593,988)	(11,175)	(605,163)	-	-	(605,163)
Net book value	1,358,304	38,895	1,397,199	568,045	136,195	704,240

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(b) Underlying assets for Islamic financing facilities**

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

The carrying amount of the assets used as underlying Sukuk assets amounted to RM265 million, comprised of property, plant and equipment of RM252 million and leasehold land which was reclassified to right-of-use assets subsequent to the early adoption MFRS 16 of RM13 million (30 June 2018: RM267 million).

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

The carrying amount of the assets used as underlying Perpetual Sukuk assets amounted to RM111 million (30 June 2018: RM112 million).

**(c) Impairment**

- (i) Group's property, plant and equipment ("PPE") in Liberia

During the financial period, the Group has injected additional fund into Sime Darby Plantation (Liberia) Inc. ("SDP Liberia"), a wholly-owned subsidiary as deemed equity for the purposes of supporting the Liberia operations. SDP Liberia did not meet its operating targets due to lower average CPO selling price and incurred higher operating costs which lead to higher losses as compared to the forecast. These were identified as indicators for an impairment test to be performed for Group's PPE in relation to its Liberia operations.

In the previous financial year, the recoverable amount of the Group's PPE in Liberia that comprises the oil palm estates and oil palm mill valued as one CGU by CBRE CH Williams Sdn Bhd ("CBRE"), an independent valuer based on the higher of fair value less costs of disposal ("FVLCTS") and value-in-use ("VIU"). During the financial period, the key assumptions of the previous financial year were re-evaluated and updated by management with CBRE's assistance to account for the lower CPO prices. Based on the updated assessment performed, the FVLCTS is higher as compared to the VIU.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

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

### (c) Impairment (continued)

- (i) Group's property, plant and equipment ("PPE") in Liberia (continued)

The updated valuation, as approved by the Directors during the financial period resulted an impairment loss on PPE in Liberia of RM14.5 million (30 June 2018: RM111.8 million) was recorded during the financial period/year as the carrying amount of the PPE exceeded its FVLCTS of RM242.8 million (30 June 2018: RM269.2 million). Estimate of fair values on the PPE as determined by CBRE were based on the income approach and are within Level 3 of the fair value hierarchy. The sensitivity analysis of each of these assumptions assuming all other variables are held constant are as follows:

Key assumptions	31.12.2018	30.06.2018
CPO price (net of freight costs)	<b>USD560 per MT</b>	USD610 per MT
FFB yields	<b>6 to 22 MT per hectare</b>	6 to 22 MT per hectare
Fixed operating costs	<b>USD682 per hectare</b>	USD682 per hectare
Discount rate	<b>12% per annum</b>	12% per annum

Sensitivity analysis:	Additional impairment (RM'million)
(i) CPO and PKO price decrease by 10%	97.5
(ii) FFB yields decrease by 1 MT per hectare	30.0
(iii) Average costs increased by 10%	18.7
(iv) Discount rate increased by 200 basis points	26.2

- (ii) Rubber development in Indonesia

Difficult operating conditions in a subsidiary, PT Indo Sukses Lestari Makmur ("PT ISLM") was identified as indicator for an impairment test to be performed for the non-financial assets (including PPE and prepaid lease rental) in relation to the CGU for rubber development in Indonesia. Based on the assessment, the rubber development is unlikely to bring positive economic benefits to the Group due to the various issues faced. As such, the Group made full impairment of the carrying value of RM68.0 million (which comprise RM63.0 million for PPE and RM5.0 million for prepaid lease rental) during the previous financial year.

- (iii) Compost plant in Malaysia

During the previous financial year, the Group and the Company carried out an impairment assessment on certain compost plants due to management decision to cease operations of these compost plants. Impairment losses of RM14.0 million and RM11.0 million were recognised by the Group and the Company respectively. The impairments relate to the plant and machinery of these compost plants which are immovable and not transferable for other usage within the Group on the assumption that there is minimal scrap value.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 17. INVESTMENT PROPERTIES

	Note	GROUP		
		Freehold land RM'000	Buildings RM'000	Total RM'000
<b>31 December 2018</b>				
Cost				
At 1 July 2018		<b>14,234</b>	<b>1,345</b>	<b>15,579</b>
Exchange differences		<b>485</b>	<b>61</b>	<b>546</b>
At 31 December 2018		<b>14,719</b>	<b>1,406</b>	<b>16,125</b>
Accumulated depreciation				
At 1 July 2018		-	<b>546</b>	<b>546</b>
Charge for the financial period	6(a)	-	<b>40</b>	<b>40</b>
Exchange differences		-	<b>25</b>	<b>25</b>
At 31 December 2018		-	<b>611</b>	<b>611</b>
Accumulated impairment losses				
At 1 July 2018		-	<b>323</b>	<b>323</b>
Exchange differences		-	<b>15</b>	<b>15</b>
At 31 December 2018		-	<b>338</b>	<b>338</b>
Net book value at 31 December 2018		<b>14,719</b>	<b>457</b>	<b>15,176</b>
<b>30 June 2018</b>				
Cost				
At 1 July 2017		14,614	1,385	15,999
Exchange differences		(380)	(40)	(420)
At 30 June 2018		14,234	1,345	15,579
Accumulated depreciation				
At 1 July 2017		-	485	485
Charge for the financial year	6(a)	-	79	79
Exchange differences		-	(18)	(18)
At 30 June 2018		-	546	546
Accumulated impairment losses				
At 1 July 2017		-	334	334
Exchange differences		-	(11)	(11)
At 30 June 2018		-	323	323
Net book value at 30 June 2018		14,234	476	14,710

The aggregate direct operating expenses arising from investment properties that did not generate rental income which were recognised during the financial period amounted to RM48,990 (30 June 2018: RM86,226) respectively.

The fair value of investment properties is RM24.2 million (30 June 2018: RM23.3 million) based on the valuation performed by external professional firms of surveyors and valuers. The valuation was performed using the comparable method based on current prices of comparable properties in an active market for all properties within Level 2 of the fair value hierarchy. Level 2 is based on the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The latest external valuation was carried out as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**18. BIOLOGICAL ASSETS**

	GROUP			
	Oil palm RM'000	Growing canes RM'000	Livestock RM'000	Total RM'000
<b>31 December 2018</b>				
At 1 July 2018	66,056	40,889	45,297	152,242
Transfers to produce stocks	(66,167)	(42,319)	-	(108,486)
Fair value changes	34,029	95,925	1,471	131,425
Exchange differences	(583)	2,393	1,792	3,602
At 31 December 2018	33,335	96,888	48,560	178,783
<b>30 June 2018</b>				
At 1 July 2017	91,817	51,508	55,674	198,999
Transfers to produce stocks	(90,524)	(48,948)	-	(139,472)
Fair value changes	67,155	41,269	1,314	109,738
Exchange differences	(2,392)	(2,940)	(11,691)	(17,023)
At 30 June 2018	66,056	40,889	45,297	152,242

	COMPANY
	Total RM'000
Oil Palm	
<b>31 December 2018</b>	
At 1 July 2018	36,152
Transfers to produced stocks	(36,152)
Fair value changes	19,007
At 31 December 2018	19,007
<b>30 June 2018</b>	
At 1 July 2017	54,580
Transfers to produced stocks	(54,580)
Fair value changes	36,152
At 30 June 2018	36,152

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

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the financial period.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**18. BIOLOGICAL ASSETS (CONTINUED)**

The biological assets have the following maturity periods:

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Current				
Due not later than one year	<b>178,783</b>	152,242	<b>19,007</b>	36,152

The biological assets of the Group and the Company comprise of:

## (i) Oil palm

Oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvest for use in the Group's and the Company's palm product operations. During the financial period, the Group and the Company harvested approximately 5,576,000 metric tonnes ("MT") of FFB (30 June 2018: 10,232,000 MT) and 1,995,000 MT of FFB (30 June 2018: 4,204,000 MT) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2018 included in the fair valuation of FFB was 370,299 MT (30 June 2018: 388,276 MT) and 142,976 MT (30 June 2018: 147,231 MT) respectively.

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

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

The valuation model adopted by the Group and the Company is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of CPO at the reporting date, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other cost to sell at the point of harvest. Changes to the assumed tonnage included in the valuation will have a direct effect on the reported valuation.

If the Group's and the Company's FFB tonnage changes by 10% (30 June 2018: 5%) and 10% (30 June 2018: 13%) respectively, the impact of fair value of FFB would be as follows:

	31.12.2018 RM'000	30.06.2018 RM'000
<b>GROUP</b>		
FFB tonnage increase by 10% (30 June 2018: 5%)	<b>7,389</b>	7,225
FFB tonnage decrease by 10% (30 June 2018: 5%)	<b>(7,389)</b>	(7,225)
<b>COMPANY</b>		
FFB tonnage increase by 10% (30 June 2018: 13%)	<b>2,169</b>	8,375
FFB tonnage decrease by 10% (30 June 2018: 13%)	<b>(2,169)</b>	(8,375)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 18. BIOLOGICAL ASSETS (CONTINUED)

### (ii) Growing canes

Growing canes represent the standing canes prior to harvest whereby the values are dependent on the age, sucrose content and condition as at the statement of financial position date. During the financial period, the Group harvested approximately 184,916 MT (30 June 2018: 254,117 MT) of canes. The estimated quantity of unharvested canes as at 31 December 2018 included in the fair valuation of growing canes of the Group was 319,315 MT (30 June 2018: 178,187 MT).

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

If the estimated harvest volume of canes increased or decreased by 6% (30 June 2018: 6%), fair value changes in growing canes would have increased or decreased by approximately RM2.0 million (30 June 2018: RM1.7 million) accordingly.

### (iii) Livestock

Livestock comprise the cattle livestock included within the Group's beef production operations. Cattle livestock are generally fed for 120 days prior to use for beef production. During the financial period, the Group produced 982.2 tonnes (30 June 2018: 1,968.8 tonnes) of beef. The quantity of cattle as at 31 December 2018 included in the fair values of livestock was 23,527 head (30 June 2018: 26,013 head).

The fair values of livestock are based on the Groups' assessment of age, average weights and market values of the livestock at the statement of financial position date. If the average weight per cattle increase or decrease by 1% (30 June 2018: 1%), fair value changes in livestock would have increased or decreased by approximately RM485,624 (30 June 2018: RM414,406) respectively.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 19. PREPAID LEASE RENTALS

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

	Note	GROUP	
		31.12.2018 RM'000	30.06.2018 RM'000
Cost			
At 1 July 2018, as previously stated/1 July 2017		<b>1,246,685</b>	1,305,507
Effect of adoption of MFRS 16	52	<b>(1,246,685)</b>	-
At 1 July 2018, restated/1 July 2017		-	1,305,507
Additions		-	461
Acquisition of a subsidiary		-	23,278
Exchange differences		-	(82,561)
At 31 December 2018/30 June 2018		-	1,246,685
Accumulated amortisation			
At 1 July 2018, as previously stated/1 July 2017		<b>712,875</b>	680,498
Effect of adoption of MFRS 16	52	<b>(712,875)</b>	-
At 1 July 2018, restated/1 July 2017		-	680,498
Charge for the financial period/year	6(a)	-	37,783
Exchange differences		-	(5,406)
At 31 December 2018/30 June 2018		-	712,875
Accumulated impairment losses			
At 1 July 2018, as previously stated/1 July 2017		<b>4,920</b>	-
Effect of adoption of MFRS 16	52	<b>(4,920)</b>	-
At 1 July 2018, restated/1 July 2017		-	-
Charge for the financial period/year	6(e)	-	5,025
Exchange differences		-	(105)
At 31 December 2018/30 June 2018		-	4,920
Net book value at 31 December 2018/30 June 2018		-	528,890



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 20. RIGHT-OF-USE ASSETS

	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Vehicles equipment and fixtures RM'000	Total RM'000
<b>GROUP</b>						
<b>31 December 2018</b>						
Net Book Value:						
At 1 July 2018		-	-	-	-	-
Effect of adoption of MFRS 16	52	2,081,102	43,101	45,608	7,801	2,177,612
		2,081,102	43,101	45,608	7,801	2,177,612
Additions		3,556	4,883	-	-	8,439
Disposal		(51)	-	-	(188)	(239)
Depreciation charge for the financial period	6(c)	(50,398)	(7,570)	(5,512)	(1,428)	(64,908)
Acquisition of a subsidiary	44(a)	82,037	225	-	-	82,262
Exchange differences		36,423	(13)	(370)	6	36,046
At 31 December 2018		2,152,669	40,626	39,726	6,191	2,239,212
At 31 December 2018:						
Cost		3,293,025	49,845	51,766	8,638	3,403,274
Accumulated depreciation		(981,089)	(9,219)	(12,040)	(2,447)	(1,004,795)
Accumulated impairment		(159,267)	-	-	-	(159,267)
Net book value		2,152,669	40,626	39,726	6,191	2,239,212
<b>COMPANY</b>						
<b>31 December 2018</b>						
Net Book Value:						
At 1 July 2018		-	-	-	-	-
Effect of adoption of MFRS 16	52	279,965	350	7,655	2,401	290,371
		279,965	350	7,655	2,401	290,371
Disposal		(51)	-	-	-	(51)
Depreciation charge for the financial period	6(c)	(1,723)	(150)	(267)	(703)	(2,843)
At 31 December 2018		278,191	200	7,388	1,698	287,477
At 31 December 2018:						
Cost		316,566	350	7,655	2,401	326,972
Accumulated depreciation		(38,375)	(150)	(267)	(703)	(39,495)
Net book value		278,191	200	7,388	1,698	287,477

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**21. SUBSIDIARIES**

	COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000
Unquoted shares at cost	<b>7,794,595</b>	7,773,143
Amounts due from subsidiaries - non-interest bearing	<b>2,051,736</b>	2,085,067
Accumulated impairment losses	<b>(1,465,048)</b>	(1,401,473)
	<b>8,381,283</b>	8,456,737

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

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

	Note	COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018/2017		<b>1,401,473</b>	1,023,332
Charge for the financial period/year	6(e)	<b>136,084</b>	405,692
Reversal for the financial period/year	7	<b>(72,509)</b>	(51)
Write-off due to dissolution of subsidiaries		-	(27,500)
At 31 December 2018/30 June 2018		<b>1,465,048</b>	1,401,473

A review was carried out over the recoverability of the cost of investment in Sime Darby Plantation (Liberia) Inc. ("SDP Liberia") as a result of lower CPO selling pricing and higher operational cost resulted in higher losses as compared to the forecast which was identified as the impairment indicator for the investment in SDP Liberia.

The recoverable amount of the investment in SDP Liberia of RM242.8 million (30 June 2018: RM269.2 million) is determined based on fair value less cost of disposal ("FVLCTS") method (Level 3 of the fair value hierarchy). The fair value was determined by an independent professional valuer via a simulation based on the valuation model as per the independent valuation report dated 28 June 2018. The key assumptions and sensitivity analysis for the impairment assessment are disclosed in Note 16(d)(i) to the financial statements.

As a result of the impairment assessment, an impairment charge on the costs of investments (including the amount due from SDP Liberia which deemed as capital contribution to SDP Liberia) of RM49.6 million (30 June 2018: RM219.1 million) was recorded in the operating expense in the Company's statement of profit or loss for the current financial period.

A further impairment charge on costs of investment (including the amount due from subsidiaries) of RM86.5 million (30 June 2018: RM186.6 million) was recorded in the Company's statement of profit or loss for the current financial period relating mainly to Kumpulan Jelei Sdn Bhd ("Kumpulan Jelei") of RM78.2 million. The cost of investment in Kumpulan Jelei was fully impaired as the company had become dormant and do not generate sufficient cash flows.

During the financial period, a review was carried over the recoverability of the amount due from Sime Darby Oils Zwijndrecht Refinery B.V. (fka Sime Darby Unimills B.V.) (which deemed as capital contribution) as a result of improved operating profit. The recoverable amount was determined based on FVLCTS (level 3 of the fair value hierarchy) by an independent professional valuer. As a result of the assessment, a reversal of impairment of RM 68.6 million was recorded in the Company's statement of profit or loss.

The Group's equity interest in the subsidiaries as at 31 December 2018 and 30 June 2018, their principal activities and countries of incorporation are shown in Note 53.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 22. JOINT VENTURES

The Group's equity interest in the joint ventures as at 31 December 2018 and 30 June 2018, their respective principal activities and countries of incorporation are shown in Note 53.

### (a) Share of results of joint ventures

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

	GROUP	
	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
Share of results for the financial period/year	1,591	(22,855)
Currency translation differences	4,872	(13,138)
Share of other comprehensive income/(loss) (net of tax)	3,231	(5,637)
Share of total comprehensive income/(loss)	9,694	(41,630)

### (b) Investments in joint ventures

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

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Unquoted shares, at cost	375,347	375,538	311,938	312,036
Share of post-acquisition reserves	71,458	61,764	-	-
	446,805	437,302	311,938	312,036

### (c) Material joint ventures

Set out below are the joint ventures of the Group as at 31 December 2018 which, in the opinion of the Directors, are material to the Group.

Name of joint ventures	Group's effective interest (%)	Place of business/ Country of incorporation
Emery Oleochemicals (M) Sdn Bhd	50.0	Malaysia
Emery Specialty Chemicals Sdn Bhd	50.0	Malaysia

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

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 22. JOINT VENTURES (CONTINUED)

### (d) Summarised financial information

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

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>For the financial period ended 31 December 2018</b>				
Revenue	1,209,604	88,884	61,202	1,359,690
Depreciation and amortisation	(38,850)	(7,985)	(1,122)	(47,957)
Interest income	6,079	35	471	6,585
Interest expense	(20,031)	(7,638)	(524)	(28,193)
Profit/(loss) before tax	12,689	(28,833)	1,484	(14,660)
Tax expense	(9,568)	(17)	(196)	(9,781)
Profit/(loss) for the financial period	3,121	(28,850)	1,288	(24,441)
Profit/(loss) for the financial period attributable to owners of:				
- the joint venture	2,890	(25,277)	1,288	(21,099)
- non-controlling interests	231	(3,573)	-	(3,342)
Profit/(loss) for the financial period	3,121	(28,850)	1,288	(24,441)
Other comprehensive income/(loss)				
- unrealised exchange differences	9,971	(226)	-	9,745
- actuarial gain on defined benefit plans	9,679	-	-	9,679
- tax expense relating to actuarial loss on defined benefit plans	(3,218)	-	-	(3,218)
	16,432	(226)	-	16,206
Total comprehensive income/(loss) for the financial period	19,553	(29,076)	1,288	(8,235)
Total comprehensive income/(loss) for the financial period attributable to owners of:				
- the joint venture	19,322	(25,503)	1,288	(4,893)
- non-controlling interests	231	(3,573)	-	(3,342)
	19,553	(29,076)	1,288	(8,235)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 22. JOINT VENTURES (CONTINUED)

### (d) Summarised financial information (continued)

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

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>For the financial year ended 30 June 2018</b>				
Revenue	2,885,438	164,608	67,653	3,117,699
Depreciation and amortisation	(80,252)	(13,153)	(8,800)	(102,205)
Interest income	11,671	2,039	44	13,754
Interest expense	(41,128)	(14,729)	(2,679)	(58,536)
Loss before tax	(15,581)	(56,561)	(18,853)	(90,995)
Tax (expense)/credit	(22,623)	(30)	2,261	(20,392)
Loss for the financial year	(38,204)	(56,591)	(16,592)	(111,387)
Loss for the financial year attributable to owners of:				
- the joint venture	(31,657)	(49,440)	(16,592)	(97,689)
- non-controlling interests	(6,547)	(7,151)	-	(13,698)
Loss for the financial year	(38,204)	(56,591)	(16,592)	(111,387)
Other comprehensive loss				
- unrealised exchange differences	(26,276)	(376)	-	(26,652)
- actuarial loss on defined benefit plans	(5,906)	-	-	(5,906)
- tax expense relating to actuarial loss on defined benefit plans	(5,367)	-	-	(5,367)
	(37,549)	(376)	-	(37,925)
Total comprehensive loss for the financial year	(75,753)	(56,967)	(16,592)	(149,312)
Total comprehensive loss for the financial year attributable to owners of:				
- the joint venture	(69,206)	(49,816)	(16,592)	(135,614)
- non-controlling interests	(6,547)	(7,151)	-	(13,698)
	(75,753)	(56,967)	(16,592)	(149,312)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 22. JOINT VENTURES (CONTINUED)

### (d) Summarised financial information (continued)

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

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>31 December 2018</b>				
Non-current assets	901,951	227,752	191,167	1,320,870
Current assets				
Cash and cash equivalents	168,761	17,100	6,657	192,518
Other current assets	1,014,017	62,032	75,989	1,152,038
	<b>1,182,778</b>	<b>79,132</b>	<b>82,646</b>	<b>1,344,556</b>
Non-current liability				
Financial liabilities (excluding trade and other payables)	(4,859)	-	(23,828)	(28,687)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(714,784)	(81,071)	(35,543)	(831,398)
Other current liabilities	(501,111)	(314,456)	(114,986)	(930,553)
	<b>(1,215,895)</b>	<b>(395,527)</b>	<b>(150,529)</b>	<b>(1,761,951)</b>
Non-controlling interests	(49,313)	7,145	-	(42,168)
Net assets	<b>814,662</b>	<b>(81,498)</b>	<b>99,456</b>	<b>832,620</b>
<b>30 June 2018</b>				
Non-current assets	916,711	235,755	192,082	1,344,548
Current assets				
Cash and cash equivalents	166,366	12,636	4,541	183,543
Other current assets	1,035,371	54,508	37,408	1,127,287
	<b>1,201,737</b>	<b>67,144</b>	<b>41,949</b>	<b>1,310,830</b>
Non-current liability				
Financial liabilities (excluding trade and other payables)	(4,724)	-	(23,330)	(28,054)
Current liabilities				
Financial liabilities (excluding trade and other payables)	(759,009)	(85,658)	(66,970)	(911,637)
Other current liabilities	(509,505)	(280,381)	(49,405)	(839,291)
	<b>(1,268,514)</b>	<b>(366,039)</b>	<b>(116,375)</b>	<b>(1,750,928)</b>
Non-controlling interests	(49,870)	-	-	(49,870)
Net assets	<b>795,340</b>	<b>(63,140)</b>	<b>94,326</b>	<b>826,526</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 22. JOINT VENTURES (CONTINUED)

### (e) Reconciliations of summarised financial information

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

	Emery Oleochemicals (M) Sdn Bhd RM'000	Emery Specialty Chemicals Sdn Bhd RM'000	Others RM'000	Total RM'000
<b>31 December 2018</b>				
Net assets				
At 1 July 2018	795,340	-	94,326	889,666
Total comprehensive income/(loss)	19,322	-	1,288	20,610
Additional investment in existing joint ventures	-	-	4,500	4,500
Exchange differences	-	-	(658)	(658)
At 31 December 2018	814,662	-	99,456	914,118
Group's effective interest	50.0%	50.0%	30.0% - 51.0%	30.0% - 51.0%
Interests in joint ventures	407,331	-	39,474	446,805
Carrying amount at end of the financial period	407,331	-	39,474	446,805
<b>30 June 2018</b>				
Net assets				
At 1 July 2017	864,546	-	113,543	978,089
Total comprehensive loss	(69,206)	-	(16,592)	(85,798)
Additional investment in existing joint ventures	-	-	1,350	1,350
Exchange differences	-	-	(3,975)	(3,975)
At 30 June 2018	795,340	-	94,326	889,666
Group's effective interest	50.0%	50.0%	30.0% - 51.0%	30.0% - 51.0%
Interests in joint ventures	397,670	-	39,632	437,302
Carrying amount at end of the financial year	397,670	-	39,632	437,302

The Group has capped the recognition of its share of losses incurred by Emery Specialty Chemicals Sdn Bhd ("ESC") as the Group's interests in ESC had been reduced to zero in the previous financial years and the Group does not have any obligations or guarantee of any obligations on behalf of ESC. The Group's share of losses in ESC for the current financial period amounted to RM12.8 million (30 June 2018: RM24.9 million), which had not been equity accounted for. As at 31 December 2018, the unrecognised amounts of the Group's share of losses in ESC is RM44.6 million (30 June 2018: RM31.8 million).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**23. ASSOCIATES**

The Group's equity interest in the associates as at 31 December 2018 and 30 June 2018, their respective principal activities and countries of incorporation are shown in Note 53.

**(a) Share of results of associates**

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

	GROUP	
	Financial period ended	Financial year ended
	31.12.2018	30.06.2018
	RM'000	RM'000
Share of results for the financial period/year	1,568	(13,932)

**(b) Investments in associates**

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

	Note	GROUP		COMPANY	
		31.12.2018	30.06.2018	31.12.2018	30.06.2018
		RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost		70,456	195,228	420	420
Share of post-acquisition reserves		(28,778)	(30,346)	-	-
Impairment loss	6(e)	-	(126,157)	-	-
		41,678	38,725	420	420

In April 2018, based on the findings of the independent advisors on the commercial viability and economic returns, which are subject to significant risk, the Board of Directors of the Company ("Board") had decided to cease further investments in Verdezyne, Inc. ("Verdezyne"). Other investors also made the same decision and has decided to liquidate Verdezyne through a member's voluntary liquidation via Assignment for the Benefits of Creditors process. Following the Board's decision, the Group recognised a financial impact based on available financial and other current information of RM157.2 million to the Group's profit or loss as at 30 June 2018 which consists of an impairment of carrying amount of Verdezyne in the Group's statement of financial position (RM126.2 million), recognition of a corporate guarantee for bank loan granted to Verdezyne (RM22.3 million) and recognition of other estimated liabilities (RM8.7 million).



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 23. ASSOCIATES (CONTINUED)

### (c) Material associates

Set out below are the associates of the Group as at 31 December 2018, which, in the opinion of the Directors, are material to the Group:

Name of joint ventures	Group's effective interest (%)	Place of business/ Country of incorporation
Muang Mai Guthrie Public Company Limited	49.0	Thailand
Verdezyne, Inc.	43.5	United States of America

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

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

### (d) Summarised financial information

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

	Muang Mai Guthrie Public Company Limited RM'000	Verdezyne, Inc. RM'000	Others RM'000	Total RM'000
<b>For the financial period ended 31 December 2018</b>				
Revenue	98,278	-	48,711	146,989
Profit before tax	2,917	-	841	3,758
Tax expense	(401)	-	-	(401)
Profit for the financial period/Total comprehensive income for the financial period	2,516	-	841	3,357
Dividend received	-	-	-	-
<b>For the financial year ended 30 June 2018</b>				
Revenue	226,859	284	101,794	328,937
Impairment loss	-	(94,976)	-	(94,976)
Profit/(loss) before tax	10,135	(144,217)	4,948	(129,134)
Tax expense	(2,399)	-	(10)	(2,409)
Profit/(loss) for the financial year/Total comprehensive income/(loss) for the financial year	7,736	(144,217)	4,938	(131,543)
Dividend received	(6,183)	-	-	(6,183)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 23. ASSOCIATES (CONTINUED)

### (d) Summarised financial information (continued)

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

	Muang Mai Guthrie Public Company Limited RM'000	Verdezyne, Inc. RM'000	Others RM'000	Total RM'000
<b>31 December 2018</b>				
Non-current assets	39,625	250,339	54,101	344,065
Current assets				
Cash and cash equivalents	588	18,901	6,530	26,019
Other current assets	44,591	5,217	12,952	62,760
	45,179	24,118	19,482	88,779
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	-	(191,998)	-	(191,998)
Other non-current liabilities	(695)	-	(22,334)	(23,029)
	(695)	(191,998)	(22,334)	(215,027)
Current liabilities				
Other current liabilities	(25,465)	(82,459)	(15,774)	(123,698)
Net assets	58,644	-	35,475	94,119
<b>30 June 2018</b>				
Non-current assets	38,738	245,251	52,886	336,875
Current assets				
Cash and cash equivalents	5,090	18,393	4,996	28,479
Other current assets	49,154	3,446	9,845	62,445
	54,244	21,839	14,841	90,924
Non-current liabilities				
Financial liabilities (excluding trade and other payables)	-	(186,844)	-	(186,844)
Other non-current liabilities	(725)	-	(29,036)	(29,761)
	(725)	(186,844)	(29,036)	(216,605)
Current liabilities				
Other current liabilities	(37,777)	(80,246)	(8,977)	(127,000)
Net assets	54,480	-	29,714	84,194

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 23. ASSOCIATES (CONTINUED)

### (e) Reconciliations of summarised financial information

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

	Muang Mai Guthrie Public Company Limited RM'000	Verdezyne, Inc. RM'000	Others RM'000	Total RM'000
<b>31 December 2018</b>				
Net assets				
At 1 July 2018	54,480	-	29,714	84,194
Total comprehensive income	2,516	-	841	3,357
Exchange differences	1,648	-	4,920	6,568
At 31 December 2018	58,644	-	35,475	94,119
Group's effective interest	49.0%	43.5%	32.0% - 40.0%	32.0% - 49.0%
Interests in associates	28,736	-	12,641	41,377
Goodwill	-	-	301	301
Carrying amount at end of the financial period	28,736	-	12,942	41,678
<b>30 June 2018</b>				
Net assets				
At 1 July 2017	60,630	11,734	29,301	101,665
Total comprehensive income/(loss)	7,736	(49,241)	4,938	(36,567)
Impairment loss	-	(94,976)	-	(94,976)
Increase in share capital	-	123,484	100	123,584
Dividend declared	(12,618)	-	-	(12,618)
Exchange differences	(1,268)	8,999	(4,625)	3,106
At 30 June 2018	54,480	-	29,714	84,194
Group's effective interest	49.0%	43.5%	32.0% - 40.0%	32.0% - 49.0%
Interests in associates	26,695	-	11,729	38,424
Goodwill	-	84,814	301	85,115
Impairment loss	-	(84,814)	-	(84,814)
Carrying amount at end of the financial year	26,695	-	12,030	38,725

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 24. INTANGIBLE ASSETS

	Note	Goodwill RM'000	Assets usage rights RM'000	Intellectual property rights RM'000	Smallholder relationship RM'000
<b>31 December 2018</b>					
At 1 July 2018		2,102,062	889	15,120	553,533
Acquisition of a subsidiary	44(a)	9,054	-	-	-
Additions		-	-	-	-
Write-off	6(e)	(193)	-	-	-
Amortisation	6(a)	-	(65)	(420)	(7,464)
Exchange differences		58,279	-	-	14,860
At 31 December 2018		2,169,202	824	14,700	560,929
Cost		2,174,725	1,927	16,800	612,786
Accumulated amortisation		-	(1,103)	(2,100)	(51,857)
Accumulated impairment losses		(5,523)	-	-	-
Net book value as at 31 December 2018		2,169,202	824	14,700	560,929
<b>30 June 2018</b>					
At 1 July 2017		2,232,137	1,016	15,960	618,312
Additions		-	-	-	-
Transfers to non-current assets held for sale	34	-	-	-	-
Reclassification		-	-	-	-
Write-off	6(e)	-	-	-	-
Amortisation	6(a)	-	(127)	(840)	(15,574)
Exchange differences		(130,075)	-	-	(49,205)
At 30 June 2018		2,102,062	889	15,120	553,533
Cost		2,107,585	1,927	16,800	597,701
Accumulated amortisation		-	(1,038)	(1,680)	(44,168)
Accumulated impairment losses		(5,523)	-	-	-
Net book value as at 30 June 2018		2,102,062	889	15,120	553,533

Included in the additions of the Group's intangible assets during the financial period is borrowing costs capitalised of RM0.1 million (30 June 2018: RM0.4 million).

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

GROUP						
Customer relationship RM'000	Software RM'000	Agriculture development costs RM'000	Work-in-progress capitalised - agriculture development costs RM'000	Acquired brand names/trademarks RM'000	Total RM'000	
2,972	24,677	79,257	7,396	38,635	2,824,541	
-	-	-	-	-	9,054	
-	2,084	-	1,420	-	3,504	
-	-	-	-	-	(193)	
(693)	(6,471)	(2,358)	-	(1,606)	(19,077)	
313	403	73	-	1,086	75,014	
2,592	20,693	76,972	8,816	38,115	2,892,843	
10,260	169,942	88,050	8,816	70,694	3,154,000	
(7,668)	(145,817)	(11,078)	-	(30,255)	(249,878)	
-	(3,432)	-	-	(2,324)	(11,279)	
2,592	20,693	76,972	8,816	38,115	2,892,843	
4,568	31,054	81,409	8,638	46,147	3,039,241	
-	3,891	16	1,432	34	5,373	
-	(16)	-	-	-	(16)	
-	-	2,674	(2,674)	-	-	
-	(4)	-	-	(1,058)	(1,062)	
(751)	(9,151)	(4,657)	-	(3,586)	(34,686)	
(845)	(1,097)	(185)	-	(2,902)	(184,309)	
2,972	24,677	79,257	7,396	38,635	2,824,541	
9,929	165,346	88,944	7,396	69,382	3,065,010	
(6,957)	(137,302)	(9,687)	-	(28,426)	(229,258)	
-	(3,367)	-	-	(2,321)	(11,211)	
2,972	24,677	79,257	7,396	38,635	2,824,541	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 24. INTANGIBLE ASSETS (CONTINUED)

	Note	COMPANY					Total RM'000
		Goodwill RM'000	Intellectual property rights RM'000	Software RM'000	Agriculture development costs RM'000	Work-in- progress capitalised - agriculture development costs RM'000	
<b>31 December 2018</b>							
At 1 July 2018		1,978,111	15,120	7,643	76,629	7,396	2,084,899
Additions		-	-	39	-	1,420	1,459
Write-off	6(e)	(193)	-	-	-	-	(193)
Amortisation	6(a)	-	(420)	(2,196)	(2,125)	-	(4,741)
At 31 December 2018		1,977,918	14,700	5,486	74,504	8,816	2,081,424
Cost		1,977,918	16,800	64,666	84,995	8,816	2,153,195
Accumulated amortisation		-	(2,100)	(59,180)	(10,491)	-	(71,771)
Net book value as at 31 December 2018		1,977,918	14,700	5,486	74,504	8,816	2,081,424
<b>30 June 2018</b>							
At 1 July 2017		1,978,111	15,960	7,302	78,205	8,638	2,088,216
Additions		-	-	3,885	-	1,432	5,317
Reclassification		-	-	-	2,674	(2,674)	-
Transfers from property, plant and equipment	16	-	-	250	-	-	250
Amortisation	6(a)	-	(840)	(3,794)	(4,250)	-	(8,884)
At 30 June 2018		1,978,111	15,120	7,643	76,629	7,396	2,084,899
Cost		1,978,111	16,800	64,627	84,995	7,396	2,151,929
Accumulated amortisation		-	(1,680)	(56,984)	(8,366)	-	(67,030)
Net book value as at 30 June 2018		1,978,111	15,120	7,643	76,629	7,396	2,084,899

Included in the additions of the Company's intangible assets during the financial period is borrowing costs capitalised of RM0.1 million (30 June 2018: RM0.4 million).

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 24. INTANGIBLE ASSETS (CONTINUED)

### (i) Goodwill

The goodwill in the Group's consolidated statements of financial position represents mainly the excess of the purchase consideration over the fair value of identifiable assets, liabilities and contingent liabilities recognised upon the Group's acquisition of New Britain Palm Oil Limited ("NBPOL") and its subsidiaries of USD517.0 million (RM2,147.6 million) during the financial year ended 30 June 2015.

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

The impairment assessment is carried out on goodwill allocated to NBPOL CGU of USD367 million (equivalent to RM1,524.5 million) (30 June 2018: USD367 million (equivalent to RM1,483.6 million)) and Minamas Group CGU of USD150 million (equivalent to RM623.1 million) (30 June 2018: USD150 million (equivalent to RM606.4 million)).

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

	GROUP	
	31.12.2018	30.06.2018
<b>NBPOL CGU</b>		
Projection period	<b>A 37.5-year cash flow projection, based on the average remaining lease period of land in NBPOL</b>	A 38-year cash flow projection, based on the average remaining lease period of land in NBPOL
FFB yields	<b>24 to 32 MT per hectare ("ha")</b>	24 to 32 MT per ha
CPO price	<b>USD617 to USD653 per MT</b>	USD715 to USD947 per MT
Discount rates	<b>9.1% per annum</b>	9.1% per annum
<b>Minamas Group CGU</b>		
Projection period	<b>A 45.5-year cash flow projection, based on the average remaining lease period of land in Indonesia</b>	A 46-year cash flow projection, based on the average remaining lease period of land in Indonesia
FFB yields	<b>19 to 30 MT per ha, inclusive of a 1MT per ha yield increase from a replanting programme with Super Dami seeds</b>	19 to 30 MT per ha, inclusive of a 1MT per ha yield increase from a replanting programme with Super Dami seeds
CPO price	<b>USD525 to USD708 per MT</b>	USD540 to USD718 per MT
Discount rates	<b>9.5% per annum</b>	9.5% per annum

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**24. INTANGIBLE ASSETS (CONTINUED)**

## (i) Goodwill (continued)

The Group's impairment assessment of both CGUs as outlined above included a sensitivity analysis on the key assumptions used. Based on the results of the sensitivity analysis, no reasonable change in the key assumptions used would result in an impairment charge for current financial period or prior financial year.

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

The Company's goodwill arose from merger exercise of plantation businesses between Sime Darby Berhad, Golden Hope Plantations Berhad and Kumpulan Guthrie Berhad in the financial year 2008. The acquisition of the plantation businesses from this merger exercise resulted in a goodwill of RM1,974.8 million. On 5 October 2016, an additional goodwill of RM3.3 million was recognised as a result of the acquisition of the plantation assets in Yong Peng.

The Company evaluates the recoverable amounts of the goodwill as one CGU based on its value-in-use calculations using cash flow from approved financial budgets covering a 5.5 year period and forecasted growth rates to extrapolate the cash flows in subsequent periods.

	COMPANY	
	31.12.2018	30.06.2018
Discount rates (%)	9	9
CPO price (RM per MT)	2,300 to 2,650	2,500 to 2,650

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

## (ii) Smallholder relationships

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

## (iii) Work-in-progress capitalised - agriculture development costs

Capitalised agriculture development costs comprise of expenditure incurred relating to the development of oil palm genomic data and techniques, as well as clonal technology with the objective to increase yields and profit streams from the Group's plantation. Once the development enters into commercial production, the asset will be amortised over its estimated useful life of 5 to 20 years.

## (iv) Intellectual property rights

The Company acquired intellectual property rights ("IP rights") on the genome base data from a third party, Synamatix Sdn Bhd for RM16.8 million. The Company had assessed that the IP rights have a finite life. As a result, the Company amortised the IP rights on a straight line basis, over a period of 20 years.

## (v) Acquired brand names/trademarks

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



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 25. AVAILABLE-FOR-SALE INVESTMENTS

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Non-current</b>					
<u>Unquoted shares</u>					
At 1 July 2018, as previously stated/1 July 2017		<b>28,090</b>	110,389	<b>26,588</b>	26,733
Effect of adoption of MFRS 9	26	<b>(28,090)</b>	-	<b>(26,588)</b>	-
At 1 July 2018, restated/1 July 2017		-	110,389	-	26,733
Net changes in fair value		-	(59,529)	-	(145)
Impairment loss for the financial period/year	6(e)	-	(22,424)	-	-
Exchange differences		-	(346)	-	-
At 31 December 2018/30 June 2018		-	28,090	-	26,588

The unquoted non-current available-for-sale investments as at 30 June 2018 consist of the following investments:

- (a) The Level 2 investment comprise of the Group's investment in an investment property company. The value of the investment is measured based on the fair value less cost of disposal of its property, plant and equipment which is based on external valuation report carried out by independent valuers.
- (b) The Level 3 investments consist of:
- An investment in unquoted shares, whereby the fair value is determined using a valuation technique with reference made to quoted market prices for companies with similar business.
  - An investment in unquoted shares (i.e. Biosynthetic Technologies LLC ("Biosynthetic")), whereby the fair value was deemed to approximate its cost. On 23 March 2018, Biosyn Merger Sub, LLC has merged with Biosynthetic ("the Merger") pursuant to the Note Purchase and Agreement and Plan of Merger dated 21 February 2018. As a result of the Merger, each issued and outstanding unit of membership interest in Biosynthetic was cancelled without payment of any consideration. Therefore, the shareholding interest of the Group in Biosynthetic has become nil and an impairment loss of RM22.4 million had been recognised in the Group's statement of profit or loss for the financial year ended 30 June 2018.

## 26. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Note	GROUP	COMPANY
		31.12.2018 RM'000	31.12.2018 RM'000
<b>Non-current</b>			
<u>Unquoted shares</u>			
At 1 July 2018, as previously stated		-	-
Effect of adoption of MFRS 9	25	<b>28,090</b>	<b>26,588</b>
At 1 July 2018, restated		<b>28,090</b>	<b>26,588</b>
Net changes in fair value		<b>1,204</b>	<b>(839)</b>
At 31 December 2018		<b>29,294</b>	<b>25,749</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**26. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (CONTINUED)**

The unquoted non-current investments at FVOCI of the Group and of the Company were categorised under Level 3 investment, of which the fair value is determined using a valuation technique with reference made to quoted market prices for companies with similar business.

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider the classification to be more relevant as these instruments are strategic investments of the Group and the Company and not held for trading purposes.

In the prior financial year, the Group and the Company have designated investments as available for sale as disclosed in Note 25. Refer to Note 2 (a)(i) for explanations of changes in accounting policy and reclassification of investment in non-trading equities from available for sale to FVOCI.

**27. DEFERRED TAX**

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

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

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Deferred tax assets	508,991	518,896	-	-
Deferred tax liabilities	(2,653,870)	(2,497,457)	(710,406)	(704,379)
	<b>(2,144,879)</b>	<b>(1,978,561)</b>	<b>(710,406)</b>	<b>(704,379)</b>

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

	GROUP	
	31.12.2018 RM'000	30.06.2018 RM'000
Unutilised tax losses		
- Expiring within 10 years	1,233,711*	1,086,941
- No expiry period	21,029	37,290
	<b>1,254,740</b>	<b>1,124,231</b>
Deductible temporary differences		
- No expiry period	20,596	21,549
	<b>1,275,336</b>	<b>1,145,780</b>

\* Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM39.3 million as at 31 December 2018 will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 27. DEFERRED TAX (CONTINUED)

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

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

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018, as previously stated/1 July 2017		<b>(1,978,561)</b>	(1,954,845)	<b>(704,379)</b>	(618,453)
Effect of adoption of MFRS 9	52	<b>2,884</b>	-	<b>975</b>	-
At 1 July 2018, as restated/1 July 2017		<b>(1,975,677)</b>	(1,954,845)	<b>(703,404)</b>	(618,453)
(Credited)/charged to profit or loss	12				
- property, plant and equipment		<b>(35,286)</b>	(39,743)	<b>(15,378)</b>	(57,818)
- biological assets		<b>11,913</b>	10,287	<b>4,115</b>	4,422
- future tax on unrealised fair value adjustments		<b>4,212</b>	8,871	-	-
- agricultural produce		<b>(3,274)</b>	978	-	-
- unutilised tax losses		<b>(26,042)</b>	18,927	-	-
- retirement benefits		<b>2,410</b>	8,088	<b>401</b>	1,048
- impairments and provisions		<b>(20,257)</b>	(51,511)	<b>2,997</b>	(33,748)
- others		<b>(6,118)</b>	(62,154)	<b>837</b>	1,121
		<b>(72,442)</b>	(106,257)	<b>(7,028)</b>	(84,975)
(Credited)/charged to other comprehensive income	15	<b>(449)</b>	(5,154)	<b>26</b>	(951)
Transfers to non-current assets held for sale	34	-	(9,092)	-	-
Acquisition of a subsidiary	44(a)	<b>(68,279)</b>	-	-	-
Exchange differences		<b>(28,032)</b>	96,787	-	-
At 31 December 2018/30 June 2018		<b>(2,144,879)</b>	(1,978,561)	<b>(710,406)</b>	(704,379)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**27. DEFERRED TAX (CONTINUED)**

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Deferred tax assets (before offsetting)				
- unutilised tax losses	<b>214,930</b>	218,784	-	-
- retirement benefits	<b>56,528</b>	53,093	<b>12,073</b>	11,672
- impairments and provisions	<b>148,617</b>	166,097	<b>20,069</b>	17,072
- agricultural produce	<b>121,502</b>	125,165	-	-
- others	<b>113,943</b>	112,433	-	-
	<b>655,520</b>	675,572	<b>32,142</b>	28,744
Offsetting	<b>(146,529)</b>	(156,676)	<b>(32,142)</b>	(28,744)
Deferred tax assets (after offsetting)	<b>508,991</b>	518,896	-	-
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	<b>(2,243,948)</b>	(2,145,757)	<b>(735,111)</b>	(719,733)
- biological assets	<b>(26,743)</b>	(33,493)	<b>(4,562)</b>	(8,677)
- intangible assets	<b>(220,919)</b>	(219,702)	-	-
- future tax on unrealised fair value adjustments	<b>(265,404)</b>	(220,753)	-	-
- others	<b>(43,385)</b>	(34,428)	<b>(2,875)</b>	(4,713)
	<b>(2,800,399)</b>	(2,654,133)	<b>(742,548)</b>	(733,123)
Offsetting	<b>146,529</b>	156,676	<b>32,142</b>	28,744
Deferred tax liabilities (after offsetting)	<b>(2,653,870)</b>	(2,497,457)	<b>(710,406)</b>	(704,379)

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM472.0 million (30 June 2018: RM451.0 million) would have been payable.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 28. TAX RECOVERABLE

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Non-current</b>					
Corporate income taxes recoverable	28(a)	<b>178,832</b>	148,831	-	-
Value added tax recoverable	28(b)	<b>100,144</b>	112,717	-	-
Other taxes recoverable		<b>11,436</b>	13,880	-	-
		<b>290,412</b>	275,428	-	-
<b>Current</b>					
Corporate income taxes recoverable	28(a)	<b>113,435</b>	34,351	<b>93,372</b>	28,974
Value added tax recoverable	28(b)	<b>189,011</b>	273,115	-	-
		<b>302,446</b>	307,466	<b>93,372</b>	28,974

Note:

- (a) Certain subsidiaries within the Minamas Group have received corporate income tax assessments from the local tax authorities in Indonesia for various years of assessment. These subsidiaries disagreed with certain of these assessments and have filed objections, appeals and judicial reviews.

During the financial period, the Group received tax refund of IDR77 billion (RM22 million) (30 June 2018: IDR373 billion (RM105 million)) and paid tax assessments of IDR167 billion (RM48 million) (30 June 2018: IDR269 billion (RM76 million)).

- (b) No value added tax ("VAT") recoverable was reclassified from other receivables to tax recoverable as there is no submission of claim restitution to the local tax authorities in Indonesia (30 June 2018: IDR479 billion (RM135 million)), whilst approved VAT refund of IDR476 billion (RM136 million) (30 June 2018: IDR531 billion (RM149 million)) was reclassified from tax recoverable to other receivables. During the financial period, the Group has received VAT refund of IDR80 billion (RM23 million) (30 June 2018: IDR284 billion (RM80 million)) out of the approved VAT refund of IDR476 billion (RM136 million) (30 June 2018: IDR531 billion (RM149 million)). Subsequently in January 2019, the Group has also received a total VAT refund of IDR396 billion (RM113 million).

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 29. TRADE AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Non-current</b>					
Advances for plasma plantation projects		<b>138,588</b>	129,655	-	-
Accumulated impairment losses	50(c)(iii)	<b>(23,466)</b>	(20,315)	-	-
		<b>115,122</b>	109,340	-	-
<b>Current</b>					
Trade receivables		<b>1,431,891</b>	1,599,688	<b>143,621</b>	238,830
Other receivables		<b>255,249</b>	217,386	<b>20,042</b>	8,460
Goods and services tax/value added tax receivable		<b>267,643</b>	166,014	<b>11,312</b>	9,679
Prepayments		<b>218,166</b>	282,591	<b>17,195</b>	18,602
Deposits		<b>17,385</b>	17,158	<b>8,833</b>	7,394
Amounts due from associates		<b>3,046</b>	2,347	<b>774</b>	882
Amounts due from joint ventures		<b>52,159</b>	51,066	<b>40,858</b>	40,029
Interest receivable		<b>11,499</b>	8,865	-	-
		<b>2,257,038</b>	2,345,115	<b>242,635</b>	323,876
<b>Accumulated impairment losses:</b>					
Trade receivables	50(c)(iii)	<b>(33,099)</b>	(29,422)	<b>(3,846)</b>	(3,545)
Other receivables	50(c)(iii)	<b>(3,459)</b>	(1,134)	<b>(4,417)</b>	(349)
Amounts due from associates	50(c)(iii)	<b>(618)</b>	(618)	<b>(618)</b>	(618)
Amounts due from joint ventures	50(c)(iii)	<b>(16,723)</b>	(12,500)	<b>(14,913)</b>	(12,500)
		<b>(53,899)</b>	(43,674)	<b>(23,794)</b>	(17,012)
		<b>2,203,139</b>	2,301,441	<b>218,841</b>	306,864

Credit terms for trade receivables of the Group and of the Company ranges from 7 to 120 days (30 June 2018: 7 to 120 days).

The amounts due from associates and joint ventures are trade in nature, unsecured, interest free and repayable within 30 days (30 June 2018: 30 days).

As at 31 December 2018, no trade and other receivables pledged as security for borrowings (30 June 2018: RM19.7 million).

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 30. INVENTORIES

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Produce inventories:				
- palm oil products	<b>393,759</b>	260,591	<b>36,189</b>	19,986
- sugar stocks	<b>47,020</b>	26,207	-	-
- rubber	<b>10,564</b>	2,567	<b>7,784</b>	2,567
Trading inventories	<b>11,422</b>	43,272	-	-
Raw materials and consumable stores	<b>764,675</b>	786,214	<b>60,452</b>	39,454
Refined inventories:				
- work-in-progress	<b>298,469</b>	325,008	<b>105,182</b>	69,484
- finished goods	<b>155,867</b>	126,718	<b>9,923</b>	14,574
	<b>1,681,776</b>	1,570,577	<b>219,530</b>	146,065

The carrying amounts of inventories of the Group of RM124.7 million (30 June 2018: RM111.4 million) and the Company of RM29.5 million (30 June 2018: RM9.8 million) are stated at net realisable value.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**31 AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED PARTIES**

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Non-current</b>				
Amount due from a subsidiary				
- interest bearing (non-trade)	-	-	<b>49,080</b>	56,679
Amount due to a subsidiary				
- interest bearing (non-trade)	-	-	<b>(504,707)</b>	(490,463)
<b>Current</b>				
Amounts due from subsidiaries				
- interest bearing (non-trade)	-	-	<b>156,494</b>	133,444
- non-interest bearing (non-trade)	-	-	<b>135,118</b>	161,896
- non-interest bearing (trade)	-	-	<b>231,369</b>	287,891
	-	-	<b>522,981</b>	583,231
Amounts due from related parties				
- non-interest bearing (trade)	<b>2,171</b>	2,559	<b>2,903</b>	4,228
Amounts due to subsidiaries				
- interest bearing (non-trade)	-	-	<b>(7,058)</b>	(6,878)
- non-interest bearing (trade)	-	-	<b>(993,255)</b>	(1,086,359)
	-	-	<b>(1,000,313)</b>	(1,093,237)
Amounts due to related parties				
- non-interest bearing (trade)	<b>(61,020)</b>	(54,104)	<b>(36,826)</b>	(31,454)



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**31 AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED PARTIES (CONTINUED)**

	COMPANY	
	31.12.2018 %	30.06.2018 %
<b>Interest rates per annum</b>		
<b>Non-current</b>		
Amount due from a subsidiary	<b>4.27 - 4.45</b>	4.13 - 4.45
Amount due to a subsidiary	<b>3.29</b>	3.29
<b>Current</b>		
Amounts due from subsidiaries	<b>4.02 - 4.45</b>	4.02 - 4.45

The non-cash transactions as set out in Note 49(g) were entered during the financial year ended 30 June 2018 as a settlement against the amount due to a former fellow subsidiary, Sime Darby Holding Berhad.

The amounts due (to)/from subsidiaries and related parties are unsecured whilst the non-current amounts are payable after 12 months and all current amounts are repayable on demand. The amounts due from subsidiaries and related parties are neither past due nor impaired.

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 32. DERIVATIVES

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

	GROUP		
	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>31 December 2018</b>			
<b>Current</b>			
Cash flow hedges:			
- forward foreign exchange contracts	94,075	944	(1,375)
- interest rate swap contracts	1,130,407	18,536	-
	<b>1,224,482</b>	<b>19,480</b>	<b>(1,375)</b>
Non-hedging derivatives:			
- forward foreign exchange contracts	783,619	7,333	(2,727)
- commodities futures contracts	645,645	31,851	(17,096)
	<b>1,429,264</b>	<b>39,184</b>	<b>(19,823)</b>
	<b>2,653,746</b>	<b>58,664</b>	<b>(21,198)</b>
<b>30 June 2018</b>			
<b>Current</b>			
Cash flow hedges:			
- forward foreign exchange contracts	749,342	4,892	(11,427)
- interest rate swap contracts	1,257,470	24,723	-
	<b>2,006,812</b>	<b>29,615</b>	<b>(11,427)</b>
Non-hedging derivatives:			
- forward foreign exchange contracts	574,039	7,618	(4,569)
- commodities futures contracts	584,583	19,993	(8,506)
	<b>1,158,622</b>	<b>27,611</b>	<b>(13,075)</b>
	<b>3,165,434</b>	<b>57,226</b>	<b>(24,502)</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 32. DERIVATIVES (CONTINUED)

The Group's and the Company's derivatives are as follows: (continued)

	COMPANY		
	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>31 December 2018</b>			
<b>Current</b>			
Cash flow hedges:			
- interest rate swap contracts	1,130,407	18,536	-
	<b>1,130,407</b>	<b>18,536</b>	<b>-</b>
Non-hedging derivatives:			
- forward foreign exchange contracts	261	-	(1)
- commodities futures contracts	326,203	2,324	(8,882)
	<b>326,464</b>	<b>2,324</b>	<b>(8,883)</b>
	<b>1,456,871</b>	<b>20,860</b>	<b>(8,883)</b>
<b>30 June 2018</b>			
<b>Current</b>			
Cash flow hedges:			
- forward foreign exchange contracts	51,665	196	(986)
- interest rate swap contracts	1,257,470	24,723	-
	<b>1,309,135</b>	<b>24,919</b>	<b>(986)</b>
Non-hedging derivatives:			
- forward foreign exchange contracts	37,862	-	(1,275)
- commodities futures contracts	271,390	3,049	(5,888)
	<b>309,252</b>	<b>3,049</b>	<b>(7,163)</b>
	<b>1,618,387</b>	<b>27,968</b>	<b>(8,149)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**32. DERIVATIVES (CONTINUED)**

The Group and the Company have forward foreign exchange contracts in place with a notional value that are designated and effected as cash flow hedge. These contracts are expected to cover the Group's exposures ranging from 2 month to 12 months (30 June 2018: 1 month to 12 months) and the Company's exposures ranging from 1 month to 6 months (30 June 2018: 1 month to 6 months).

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

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

**(a) Forward foreign exchange contracts**

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

	Within 1 year	
	31.12.2018 RM'000	30.06.2018 RM'000
<b>GROUP</b>		
Forward contracts used to hedge anticipated sales		
- United States Dollar	<b>233,235</b>	232,390
- European Union Euro	<b>7,743</b>	5,737
- United Kingdom Pound	-	9,756
Forward contracts used to hedge receivables		
- United States Dollar	<b>322,704</b>	546,315
- European Union Euro	<b>9,765</b>	7,730
- United Kingdom Pound	-	10,000
Forward contracts used to hedge anticipated purchases		
- United States Dollar	<b>266,807</b>	478,757
- European Union Euro	<b>16,541</b>	9,025
Forward contracts used to hedge payables		
- United States Dollar	<b>20,899</b>	23,672
	<b>877,694</b>	1,323,382

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 32. DERIVATIVES (CONTINUED)

#### (a) Forward foreign exchange contracts (continued)

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

	Within 1 year	
	31.12.2018 RM'000	30.06.2018 RM'000
<b>COMPANY</b>		
Forward contracts used to hedge anticipated sales		
- United States Dollar	261	17,660
Forward contracts used to hedge receivables		
- United States Dollar	-	66,088
Forward contracts used to hedge payables		
- United States Dollar	-	5,779
	<b>261</b>	<b>89,527</b>

#### (b) Commodities futures contracts

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

	Within 1 year	
	31.12.2018 RM'000	30.06.2018 RM'000
<b>GROUP</b>		
Commodities contracts - buying		
- Ringgit Malaysia	158,399	262,422
- United States Dollar	97,640	21,421
Commodities contracts - selling		
- Ringgit Malaysia	10,401	56,313
- United States Dollar	379,205	244,427
	<b>645,645</b>	<b>584,583</b>
<b>COMPANY</b>		
Commodities contracts - buying		
- Ringgit Malaysia	167,107	216,342
Commodities contracts - selling		
- Ringgit Malaysia	159,096	55,048
	<b>326,203</b>	<b>271,390</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 32. DERIVATIVES (CONTINUED)

#### (c) Interest rate swap contracts

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

Type of interest rate swap	Effective period	Range of weighted average rate per annum (%)		Notional amount in original currency		Notional amount in Ringgit equivalent	
		With swap	Without swap	At 31.12.2018	At 30.06.2018	At 31.12.2018	At 30.06.2018
Plain vanilla	17.08.2018 to 19.02.2019	1.89	3.61	58,313	-	242,230	-
Plain vanilla	17.08.2018 to 19.02.2019	1.84	3.61	58,313	-	242,230	-
Plain vanilla	17.08.2018 to 19.02.2019	1.75	3.61	38,875	-	161,487	-
Plain vanilla	17.08.2018 to 19.02.2019	1.78	3.61	58,313	-	242,230	-
Plain vanilla	17.08.2018 to 19.02.2019	1.78	3.61	58,313	-	242,230	-
Plain vanilla	20.02.2018 to 17.08.2018	1.89	3.21	-	66,656	-	269,458
Plain vanilla	20.02.2018 to 17.08.2018	1.84	3.21	-	66,656	-	269,458
Plain vanilla	20.02.2018 to 17.08.2018	1.75	3.21	-	44,438	-	179,638
Plain vanilla	20.02.2018 to 17.08.2018	1.78	3.21	-	66,656	-	269,458
Plain vanilla	20.02.2018 to 17.08.2018	1.78	3.21	-	66,656	-	269,458

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

	GROUP/COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000
<b>Notional amount</b>		
Maturity periods:		
- due not later than one year	1,130,407	1,257,470
<b>Fair value asset/(liabilities)</b>		
Maturity periods:		
- due not later than one year	18,536	24,723

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 33. BANK BALANCES, DEPOSITS AND CASH

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Deposits with licensed banks	63,428	84,110	30,032	35,032
Cash and bank balances	427,614	279,128	35,661	33,252
	<b>491,042</b>	363,238	<b>65,693</b>	68,284
Effective annual interest rates applicable during the financial period/year are as follows:				
	%	%	%	%
Deposits with licensed banks	4.23	3.14	3.19	3.20

The maturity period for deposits with licensed banks of the Group and the Company range from 1 to 90 days (30 June 2018: 1 to 47 days) and 3 days (30 June 2018: 3 days) respectively.

Bank balances are non-interest bearing deposits held at call with banks.

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

### 34. ASSETS AND LIABILITIES HELD FOR SALE

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Non-current assets held for sale					
- property, plant and equipment	34(a)	14	43,714	14	28,504
Disposal group held for sale					
- property, plant and equipment	34(b)	78,633	82,335	-	-
- other assets	34(b)	46,028	92,915	-	-
		<b>124,675</b>	218,964	<b>14</b>	28,504
Disposal group held for sale					
- liabilities	34(b)	(21,133)	(45,993)	-	-
		<b>103,542</b>	172,971	<b>14</b>	28,504

#### (a) Proposed disposal of property, plant and equipment

- (i) On 29 May 2017, the Company's Board of Directors approved a proposed disposal of an oil mill with a net book value of RM29 million. On 8 December 2017, the Company entered into a business asset purchase agreement with a third party to dispose of the oil mill for a total consideration of RM48.9 million. The disposal was completed during the financial period.
- (ii) On 29 March 2018, the Board of Directors of the Group approved the disposal of an aircraft with a carrying value of RM15.2 million. The Group engaged a broker to assist on the disposal of the aircraft. The disposal has been completed during the financial period.
- (iii) On 8 May 2018, the Company accepted the offer to dispose off two plots of freehold land for a total consideration of RM2.6 million. The sale and purchase agreements for the respective plot of land were signed on 28 August 2018. The condition precedents are expected to be fulfilled within the next 12 months after the financial period end.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**34. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)****(b) Proposed divestment of subsidiaries**

- (i) On 22 February 2017, the Board of Directors approved a proposed divestment of the 65% equity interest in PT Mitra Austral Sejahtera ("PT MAS"), a subsidiary of the Group. During the financial year ended 30 June 2018, the Group acquired the remaining 35% of the equity interest in PT MAS. On 26 February 2019, the Group has entered into a Sales and Purchase Agreement to dispose the entire 100% equity interest in PT MAS. Subject to satisfaction of certain conditions precedents, the disposal is expected to be completed within the next 12 months subsequent to the financial period end.
- (ii) On 29 November 2018 the Group completed the divestment of the 65% equity interest in Golden Hope- Nha Be Edible Oils Ltd. ("GHN"), a former subsidiary of the Group for a consideration of RM8.2 million (equivalent to 45.9 billion Vietnamese Dong). As at 31 December 2018, part of the consideration of RM4.1 million (equivalent to 23.0 billion Vietnamese Dong) has been retained in an escrow account which shall be released after 2 years.

Upon disposal of GHN, the Group received a corporate guarantee from the new shareholder of GHN primarily on the outstanding trade receivables due primarily from GHN of RM48.2 million (which aged more than 360 days). As the trade receivables are secured by the corporate guarantee, these receivables are not provided for.

Details of the assets, liabilities and net cash flow arising from the disposal of the subsidiary are as follows:

	Note	RM'000
Property, plant and equipment		5,443
Receivables		15,139
Inventories		18,604
Deferred tax assets		665
Cash and cash equivalents		1,490
Payables		(61,584)
Non-controlling interest	36	(1,165)
Net liabilities disposed		(21,408)
Gain on disposal of a subsidiary		29,624
Proceeds from disposal, net of transaction costs		8,216
Less: Cash and cash equivalent in a subsidiary		(1,490)
Net cash inflow from disposal of a subsidiary		6,726

- (iii) During the financial period, the Board of Directors approved a proposed divestment of the entire equity interest in PT Indo Sukses Lestari Makmur ("PT ISLM"), a subsidiary of the Group. The disposal of the entire equity interest in PT ISLM is expected to be completed within the next 12 months subsequent to the financial period end.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 34. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

#### (b) Proposed divestment of subsidiaries (continued)

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

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018/2017		<b>172,971</b>	168,199	<b>28,504</b>	108,107
Change in value of disposal group		<b>(48,888)</b>	13,991	-	-
Transfers (to)/from:					
- property, plant and equipment	16	-	6,664	-	(580)
- intangible assets	24	-	16	-	-
- inventories		<b>390</b>	11,032	-	-
- trade and other receivables		-	15,827	-	-
- deferred tax assets	27	-	9,092	-	-
- trade and other payables		<b>(1,086)</b>	(28,814)	-	-
- retirement benefits	39	-	(463)	-	-
- bank balances, deposits and cash		-	5,322	-	-
Disposals		<b>(22,293)</b>	(13,158)	<b>(28,490)</b>	(79,023)
Exchange differences		<b>2,448</b>	(14,737)	-	-
At 31 December 2018/30 June 2018		<b>103,542</b>	172,971	<b>14</b>	28,504

### 35. SHARE CAPITAL

	GROUP/COMPANY			
	Number of shares		Amount	
	31.12.2018 '000	30.06.2018 '000	31.12.2018 RM'000	30.06.2018 RM'000
Issued and fully paid ordinary shares:				
At 1 July 2018/2017	<b>6,800,839</b>	600,000	<b>1,100,000</b>	600,000
Shares Issue	-	7,703	-	500,000
Shares Split	-	6,193,136	-	-
At 31 December 2018/30 June 2018	<b>6,800,839</b>	6,800,839	<b>1,100,000</b>	1,100,000

On 13 November 2017, the Company increased its issued share capital from RM600 million to RM1,100 million via issuance of 7,703,197 ordinary shares credited as fully paid in the capital of the Company to Sime Darby Berhad ("SDB"), the former immediate holding company by capitalising the amount due to Sime Darby Holding Berhad, a wholly-owned subsidiary of SDB ("Share Issue"). Subsequently on 14 November 2017, the Company undertook to subdivide every 1 existing ordinary share into 11.19 new ordinary shares to achieve a total of 6,800,839,377 ordinary shares in the Company ("Share Split").

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 36. RESERVES

	Attributable to equity holders of the Company			
	Hedging reserve RM'000	Capital reserve RM'000	Investments at FVOCI reserve RM'000	Available for sale reserve RM'000
<b>31 December 2018</b>				
At 1 July 2018, as previously stated	44,949	13,361	-	25,569
Effect of adoption of MFRS 9	-	-	25,569	(25,569)
At 1 July 2018, as restated	44,949	13,361	25,569	-
Profit for the financial period	-	-	-	-
Total other comprehensive (loss)/income for the financial period	(13,492)	-	850	-
Transactions with equity holders:				
- distribution to Perpetual Sukuk holders	-	-	-	-
- dividends	-	-	-	-
Disposal of a subsidiary	-	(3,787)	-	-
At 31 December 2018	31,457	9,574	26,419	-

	Attributable to equity holders of the Company		
	Hedging reserve RM'000	Capital reserve RM'000	Available for sale reserve RM'000
<b>30 June 2018</b>			
At 1 July 2017	(3,810)	13,361	75,537
Profit for the financial year	-	-	-
Total other comprehensive income/(loss) for the financial year	48,759	-	(49,968)
Transactions with equity holders:			
- distribution to Perpetual Sukuk holders	-	-	-
- dividends	-	-	-
- acquisition of shares from non-controlling interests	-	-	-
At 30 June 2018	44,949	13,361	25,569

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

GROUP						
Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling interests RM'000	Total RM'000
449,658	(17,696)	12,058,846	12,574,687	2,230,717	408,398	15,213,802
-	-	(8,275)	(8,275)	-	-	(8,275)
449,658	(17,696)	12,050,571	12,566,412	2,230,717	408,398	15,205,527
-	-	243,508	243,508	62,661	5,626	311,795
168,091	-	1,798	157,247	-	5,446	162,693
-	-	-	-	(61,980)	-	(61,980)
-	-	(952,117)	(952,117)	-	(24,557)	(976,674)
2,856	-	4,330	3,399	-	1,165	4,564
620,605	(17,696)	11,348,090	12,018,449	2,231,398	396,078	14,645,925

GROUP						
Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling interests RM'000	Total RM'000
1,158,197	(17,696)	10,632,495	11,858,084	2,231,384	433,887	14,523,355
-	-	1,727,479	1,727,479	124,300	33,624	1,885,403
(708,539)	-	9,252	(700,496)	-	(41,548)	(742,044)
-	-	-	-	(124,967)	-	(124,967)
-	-	(238,029)	(238,029)	-	(72,184)	(310,213)
-	-	(72,351)	(72,351)	-	54,619	(17,732)
449,658	(17,696)	12,058,846	12,574,687	2,230,717	408,398	15,213,802

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**36. RESERVES (CONTINUED)**

	COMPANY				
	Investments at FVOCI reserve RM'000	Available for sale reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>31 December 2018</b>					
At 1 July 2018, as previously stated	-	25,483	26,030	9,080,993	9,132,506
Effect of adoption of MFRS 9	25,483	(25,483)	-	(4,459)	(4,459)
At 1 July 2018, as restated	25,483	-	26,030	9,076,534	9,128,047
Loss for the financial period	-	-	-	(199,204)	(199,204)
Other comprehensive (loss)/income:					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value:					
- investments at FVOCI	(839)	-	-	-	(839)
- cash flow hedge	-	-	(7,198)	-	(7,198)
Tax expenses relating to cash flow hedge	-	-	26	-	26
Total comprehensive loss for the financial period	(839)	-	(7,172)	(199,204)	(207,215)
Transactions with equity holders:					
- dividends paid	-	-	-	(952,117)	(952,117)
At 31 December 2018	24,644	-	18,858	7,925,213	7,968,715

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**36. RESERVES (CONTINUED)**

	COMPANY			
	Available for sale reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>30 June 2018</b>				
At 1 July 2017	25,628	1,399	8,030,343	8,057,370
Profit for the financial year	-	-	1,286,297	1,286,297
Other comprehensive (loss)/income:				
Items that will be reclassified subsequently to profit or loss:				
Net changes in fair value:				
- available-for-sale investments	(145)	-	-	(145)
- cash flow hedge	-	24,830	-	24,830
Tax expenses relating to cash flow hedge	-	(199)	-	(199)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain of defined benefit pension plans	-	-	3,134	3,134
Tax expenses relating to actuarial gain	-	-	(752)	(752)
Total comprehensive (loss)/ income for the financial year	(145)	24,631	1,288,679	1,313,165
Transactions with equity holders:				
- dividends paid	-	-	(238,029)	(238,029)
At 30 June 2018	25,483	26,030	9,080,993	9,132,506

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**37. PERPETUAL SUKUK**

	GROUP/COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018/2017	<b>2,230,717</b>	2,231,384
Profit attributable to Perpetual Sukuk holders	<b>62,661</b>	124,300
Distribution to Perpetual Sukuk holders	<b>(61,980)</b>	(124,967)
At 31 December 2018/30 June 2018	<b>2,231,398</b>	2,230,717

On 23 June 2017, the RM2.2 billion nominal value of Perpetual Subordinated Sukuk ("Perpetual Sukuk") was novated by Sime Darby Berhad, the former immediate holding company to the Company. The Perpetual Sukuk is rated AAIS 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.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 38. 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
	31.12.2018	30.06.2018	
Subsidiaries consolidated under PT Minamas Gemilang:			
- PT Kartika Inti Perkasa	40.0	40.0	Indonesia
- PT Sritijaya Abaditama	40.0	40.0	Indonesia
- PT Asricipta Indah	10.0	10.0	Indonesia
- PT Bersama Sejahtera Sakti	8.9	8.9	Indonesia
- PT Laguna Mandiri	11.4	11.4	Indonesia
- PT Indotruba Tengah	50.0	50.0	Indonesia
- PT Tunggal Mitra Plantations	40.0	40.0	Indonesia
- PT Tamaco Graha Krida	10.0	10.0	Indonesia
- PT Bahari Gembira Ria	0.7	0.7	Indonesia
- PT Indo Sukses Lestari Makmur	5.0	5.0	Indonesia
Subsidiaries consolidated under New Britain Palm Oil Limited:			
- PT Timbang Deli Indonesia	51.0	51.0	Indonesia
- Guadalcanal Plains Palm Oil Limited	20.0	20.0	Solomon Islands
- Verdant Bioscience Pte Ltd	48.0	48.0	Singapore
Wangsa Mujur Sdn Bhd	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 intercompany elimination.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 38. NON-CONTROLLING INTERESTS (CONTINUED)

#### Summarised financial information

The summarised statements of comprehensive income and dividends paid by 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
<b>Financial period ended 31 December 2018</b>					
Revenue	2,141,974	1,108,719	24,287	972,779	4,247,759
Profit for the financial period	55,070	85,267	2,151	4,149	146,637
Other comprehensive income	3,758	1,668	-	27	5,453
Total comprehensive income	58,828	86,935	2,151	4,176	152,090
Profit/(loss) allocated to non-controlling interests	9,801	(1,299)	143	(3,019)	5,626
Dividends paid to non-controlling interests	(22,238)	-	(1,549)	(770)	(24,557)
<b>Financial year ended 30 June 2018</b>					
Revenue	4,257,874	2,232,037	61,047	2,207,505	8,758,463
Profit for the financial year	265,929	249,574	11,373	87,429	614,305
Other comprehensive income/(loss)	15,143	-	122	(59,804)	(44,539)
Total comprehensive income	281,072	249,574	11,495	27,625	569,766
Profit allocated to non-controlling interests	20,810	2,014	3,128	7,672	33,624
Dividends paid to non-controlling interests	(56,095)	(6,166)	-	(9,923)	(72,184)



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 38. 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
<b>Financial period ended 31 December 2018</b>					
Non-current assets	5,292,599	4,957,135	187,896	365,728	10,803,358
Current assets	1,976,136	2,088,030	15,765	502,629	4,582,560
Non-current liabilities	(1,566,379)	(1,458,338)	(28,198)	(174,783)	(3,227,698)
Current liabilities	(1,624,735)	(1,201,819)	(9,347)	(357,508)	(3,193,409)
Net assets	4,077,621	4,385,008	166,116	336,066	8,964,811
Non-controlling interests' share of net assets	246,929	65,736	61,529	21,884	396,078
<b>Financial year ended 30 June 2018</b>					
Non-current assets	4,924,095	4,343,523	176,225	457,885	9,901,728
Current assets	2,292,389	1,892,354	32,620	508,786	4,726,149
Non-current liabilities	(1,337,148)	(1,031,867)	(28,715)	(183,305)	(2,581,035)
Current liabilities	(1,904,425)	(1,032,592)	(8,865)	(372,939)	(3,318,821)
Net assets	3,974,911	4,171,418	171,265	410,427	8,728,021
Non-controlling interests' share of net assets	255,608	65,375	62,935	24,480	408,398

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**38. 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:

	<b>Subsidiaries of PT Minamas Gemilang RM'000</b>	<b>Subsidiaries of New Britain Palm Oil Limited RM'000</b>	<b>Wangsa Mujur Sdn Bhd RM'000</b>
<b>31 December 2018</b>			
Cash flows from operating activities			
Cash generated from operations	<b>216,018</b>	<b>220,064</b>	<b>21,561</b>
Tax paid	<b>(38,100)</b>	<b>(82,401)</b>	<b>(9)</b>
Net cash from operating activities	<b>177,918</b>	<b>137,663</b>	<b>21,552</b>
Net cash used in investing activities	<b>(474,307)</b>	<b>(392,803)</b>	<b>(13,980)</b>
Net cash generated from/(used in) financing activities	<b>308,176</b>	<b>257,245</b>	<b>(7,300)</b>
Net increase in cash and cash equivalents	<b>11,787</b>	<b>2,105</b>	<b>272</b>
Exchange differences	<b>1,685</b>	<b>18,394</b>	<b>-</b>
Cash and cash equivalents at beginning of the financial period	<b>99,961</b>	<b>67,586</b>	<b>234</b>
Cash and cash equivalents at end of the financial period	<b>113,433</b>	<b>88,085</b>	<b>506</b>
<b>30 June 2018</b>			
Cash flows from operating activities			
Cash generated from operations	509,423	549,713	18,356
Tax paid	(134,666)	(147,012)	(118)
Net cash from operating activities	374,757	402,701	18,238
Net cash used in investing activities	(482,021)	(306,569)	(50,590)
Net cash generated from/(used in) financing activities	37,223	(221,776)	(14)
Net decrease in cash and cash equivalents	(70,041)	(125,644)	(32,366)
Exchange differences	(19,761)	(10,768)	-
Cash and cash equivalents at beginning of the financial year	189,763	203,998	32,600
Cash and cash equivalents at end of the financial year	99,961	67,586	234

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 39. 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.

Subsidiaries in Thailand operate a wholly unfunded defined benefit scheme, in respect of the Statutory Severance Pay Plan prescribed under Section 118, Chapter 11 of the Labour Protection Act B.E. 2541 (1998).

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 to the scheme.

The latest actuarial valuations of the plans in Malaysia and Indonesia were carried out on 21 September 2017 and 30 July 2018, respectively.

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

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Non-current</b>					
At 1 July 2018/2017		<b>213,209</b>	237,850	<b>48,633</b>	46,119
Charge for the financial period/year		<b>12,838</b>	20,508	<b>4,262</b>	9,492
Actuarial loss/(gain) recognised in other comprehensive income		<b>2,100</b>	(21,155)	-	(3,134)
Contributions and benefits paid		<b>(2,793)</b>	(7,379)	<b>(2,589)</b>	(3,844)
Transfers to non-current assets held for sale	34	-	(160)	-	-
Transfers from current retirement benefits		<b>2,935</b>	-	-	-
Acquisition of a subsidiary	44(a)	<b>55</b>	-	-	-
Exchange differences		<b>1,465</b>	(16,455)	-	-
At 31 December 2018/30 June 2018		<b>229,809</b>	213,209	<b>50,306</b>	48,633
<b>Current</b>					
At 1 July 2018/2017		<b>10,485</b>	-	-	-
Charge for the financial period/year		-	10,855	-	-
Transfers to non-current assets held for sale	34	-	(303)	-	-
Transfers to non-current retirement benefits		<b>(2,935)</b>	-	-	-
Exchange differences		<b>234</b>	(67)	-	-
At 31 December 2018/30 June 2018		<b>7,784</b>	10,485	-	-

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 39. RETIREMENT BENEFITS (CONTINUED)

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

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Present value of funded obligations	39(a)	155,071	142,492	-	-
Fair value of plan assets	39(b)	(415,651)	(396,524)	-	-
		<b>(260,580)</b>	<b>(254,032)</b>	<b>-</b>	<b>-</b>
Present value of unfunded obligations	39(a)	498,173	477,726	50,306	48,633
Net liabilities		<b>237,593</b>	<b>223,694</b>	<b>50,306</b>	<b>48,633</b>

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

	Note	GROUP		COMPANY	
		Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
Current service cost		7,777	23,007	1,466	2,832
Past service cost		-	1,944	-	-
Interest cost		6,907	13,462	1,141	2,170
Expected return on plan assets		(3,792)	(7,204)	-	-
Contracted gratuity		2,371	154	1,655	4,490
Curtailment		(425)	-	-	-
Total included in employee benefits expense	6(d)	<b>12,838</b>	<b>31,363</b>	<b>4,262</b>	<b>9,492</b>

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

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018/2017		620,218	615,363	48,633	46,119
Acquisition of a subsidiary	44(a)	55	-	-	-
Current service cost		7,777	23,007	1,466	2,832
Past service cost		-	1,944	-	-
Interest cost		6,907	13,462	1,141	2,170
Contracted gratuity		2,371	154	1,655	4,490
Curtailment		(425)	-	-	-
Benefits paid		(7,496)	(12,482)	(2,589)	(3,844)
Actuarial losses/(gains) recognised in other comprehensive income		16,447	12,204	-	(3,134)
Transfer to non-current assets held for sale	34	-	(463)	-	-
Exchange differences		7,390	(32,971)	-	-
At 31 December 2018/30 June 2018		<b>653,244</b>	<b>620,218</b>	<b>50,306</b>	<b>48,633</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 39. RETIREMENT BENEFITS (CONTINUED)

(b) Changes in the fair value of plan assets

	GROUP	
	31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018/2017	396,524	377,513
Expected return on plan assets	3,792	7,204
Actuarial gains due to actual experience	14,347	33,359
Benefits paid	(4,703)	(5,103)
Exchange differences	5,691	(16,449)
At 31 December 2018/30 June 2018	415,651	396,524

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

	GROUP	
	31.12.2018 %	30.06.2018 %
Expected return on plan assets (per annum)	1.9 - 8.5	2.0 - 8.3
Discount rates (per annum)	1.9 - 8.3	2.0 - 8.3
Expected rate of salary increases (per annum)	1.5 - 6.5	1.5 - 6.5

	COMPANY	
	31.12.2018 %	30.06.2018 %
Discount rates (per annum)	5.2	5.2
Expected rate of salary increases (per annum)	6.0	6.0

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 40. BORROWINGS

	Group		Company	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Non-current</b>				
Unsecured				
- Term loans	<b>3,032,785</b>	3,000,500	<b>2,814,335</b>	2,963,658
- Revolving credit	<b>1,495,440</b>	1,455,300	<b>1,495,440</b>	1,455,300
- Bonds	<b>475,405</b>	468,627	-	-
- Multi-Currency Sukuk	<b>508,869</b>	495,210	-	-
- Unamortised Deferred Financing Expenses	<b>(19,924)</b>	(24,433)	<b>(17,249)</b>	(21,191)
	<b>5,492,575</b>	5,395,204	<b>4,292,526</b>	4,397,767
<b>Current</b>				
Secured				
- Trade Facilities	-	19,673	-	-
Unsecured				
- Term loans	<b>588,106</b>	525,589	<b>532,133</b>	519,728
- Revolving credit	<b>1,216,233</b>	548,932	<b>442,310</b>	-
	<b>1,804,339</b>	1,094,194	<b>974,443</b>	519,728
Total borrowings	<b>7,296,914</b>	6,489,398	<b>5,266,969</b>	4,917,495

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

The breakdown of the unamortised deferred financing expenses is as follows:

	Note	GROUP		COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
At 1 July 2018/2017		<b>24,433</b>	29,775	<b>21,191</b>	29,775
Drawdown during the financial period		<b>700</b>	-	<b>700</b>	-
Reclassification from other receivables		-	4,548	-	-
Amortised during the financial period/year	10	<b>(5,209)</b>	(9,890)	<b>(4,642)</b>	(8,584)
At 31 December 2018/30 June 2018		<b>19,924</b>	24,433	<b>17,249</b>	21,191

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 40. BORROWINGS (CONTINUED)

##### (a) Term loans

The term loans include the following:

- i. RM500 million 7-year unsecured term loan 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. USD300 million 3-year unsecured term loan under commodity murabahah financing-i facility repayable in full from 36 months after the first drawdown date of 22 June 2017.
- iv. USD100 million 3-year unsecured term loan repayable in full from 36 months after the first drawdown date of 22 June 2017.
- v. THB432.5 million 10-year unsecured term loan repayable in equal quarterly instalments commencing from the first repayment date of 1 March 2017.
- vi. USD60 million term loan credit facility. Loan drawdown on 23 August 2018. Interest basis LIBOR plus 1.10%. Outstanding balance as at 31 December 2018 USD56 million.

##### (b) Revolving credits

The revolving credits include the following:

- i. USD360 million 3-year unsecured term loan under revolving credit-i facility repayable at maturity on 19 June 2020.
- ii. 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 31 December 2018 was USD34.7 million (30 June 2018: USD33 million).
- iii. 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 31 December 2018 was EUR15 million (30 June 2018: EUR15 million).
- iv. 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 15 January 2018 and has been renewed on 15 January 2018 from the period up to 15 January 2019. Outstanding balance as at 31 December 2018 was IDR0.98 trillion (30 June 2018: IDR1 trillion).
- v. 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 31 December 2018 was USD40 million (30 June 2018: USD15.3 million).
- vi. RM150 million under revolving Ringgit time loan facility with first drawdown date 2 July 2018. Tenure is up to a maximum of one year, as may be agreed by Citibank from time to time.
- vii. RM700 million multi-currency revolving credit facility, with first drawdown 16 August 2018. Facility has a maximum tenure of 5 years.
- viii. Facility limit of IDR800 billion or its equivalent to USD, with availability period of up to 12 months from the signing date subject to Maturity by Origination. The loan agreement expired on 1 August 2018 and has been renewed to the period up to 31 July 2019. Outstanding balance as at 31 December 2018 was USD15.8 million (30 June 2018: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**40. BORROWINGS (CONTINUED)****(b) Revolving credits (continued)**

The revolving credits include the following: (continued)

- ix. Facility limit of IDR500 billion or its equivalent to USD, with availability period of up to 12 months from the signing date subject to Maturity by Origination. The loan agreement expired on 5 May 2018 and has been renewed to the period up to 5 May 2019. Outstanding balance as at 31 December 2018 was USD6.5 million (30 June 2018: Nil).
- x. USD15 million revolving credit facility. Outstanding balance as at 31 December 2018 was USD5 million (30 June 2018: Nil).

**(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 the Company 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 USD350.4 million and USD277.5 million.

At the meetings of the sukukholders held on 16 May 2017, consents were received for substitution of the Company 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.

On 29 January 2018, the 2018 Sukuk has matured and Sime Darby Global has fully paid off the principal amount of USD49.6 million (RM195.6 million) to the sukukholders.

Details of the Sukuk Programme that remains outstanding are as follows:

**31 December 2018**

Date of issuance	Tenure (month)	Nominal value			Periodic distribution (per annum)	Maturity date
		At 01.07.2018 RM’000	At 31.12.2018 RM’000	At 31.12.2018 USD’000		
29.01.2013	120	495,210	508,869	122,501	3.29%	29.01.2023



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 40. BORROWINGS (CONTINUED)

##### (c) Multi-currency Sukuk (continued)

30 June 2018

Date of issuance	Tenure (month)	Nominal value			Periodic distribution (per annum)	Maturity date
		At 01.07.2018 RM'000	At 31.12.2018 RM'000	At 31.12.2018 USD'000		
29.01.2013	60	221,758	-	-	2.05%	29.01.2018
29.01.2013	120	525,959	495,210	122,501	3.29%	29.01.2023
		747,717	495,210	122,501		

The Sukuk Programme has been accorded ratings of BBB+ and Baa1 by Fitch Ratings on 15 November 2018 and Moody's Investors Service on 18 October 2018 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.

##### (e) Other information

###### (i) Secured financing

As at 30 June 2018, RM19.7 million are secured by fixed charge on trade receivables of the Group. The carrying amounts of trade receivables that the Group pledged as collateral for the borrowings are as follows:

	GROUP	
	31.12.2018 RM'000	30.06.2018 RM'000
Trade receivables	-	19,673

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 40. 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:

	GROUP	
	31.12.2018 %	30.06.2018 %
<u>Floating interest rates</u>		
Term loans		
- Ringgit Malaysia	4.68	4.36
- United States Dollar	2.68 - 3.55	2.13 - 2.55
- Thailand Baht	3.36	3.34
Revolving credit		
- Ringgit Malaysia	4.21 - 4.74	-
- United States Dollar	2.00 - 4.00	1.95 - 2.55
- Indonesia Rupiah	-	6.70
- European Union Euro	0.50	0.50
Trade facilities		
- European Union Euro	-	0.45
<u>Fixed interest rates</u>		
Bonds		
- European Union Euro	2.90	2.90
<u>Distribution rate</u>		
Multi-currency Sukuk		
- United States Dollar	3.29	2.05 - 3.29

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 40. 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	
	31.12.2018 %	30.06.2018 %
<u>Floating interest rates</u>		
Term loans		
- Ringgit Malaysia	4.68	4.42
- United States Dollar	3.20 - 3.55	2.47 - 2.77
Revolving credit		
- Ringgit Malaysia	4.21 - 4.74	-
- United States Dollar	2.69 - 3.25	2.49

- (iii) The maturity periods of borrowings are as follows:

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Not later than 1 year	1,804,339	1,094,194	974,443	519,728
Later than 1 year but not later than 2 years	3,664,114	3,506,698	3,610,238	3,513,444
Later than 2 years but not later than 5 years	1,307,517	1,409,722	682,288	884,323
More than 5 years	520,944	478,784	-	-
	<b>7,296,914</b>	6,489,398	<b>5,266,969</b>	4,917,495

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**41. LEASE LIABILITIES**

	GROUP		COMPANY	
	31.12.2018	31.12.2018	31.12.2018	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Non-current	165,433		7,478	
Current	27,122		1,919	
	<b>192,555</b>		<b>9,397</b>	
Minimum lease payments:				
- not later than 1 year	34,939		2,491	
- later than 1 year and not later than 5 years	91,015		3,812	
- later than 5 years	172,352		7,553	
	<b>298,306</b>		<b>13,856</b>	
Less: unexpired finance charges	(105,751)		(4,459)	
	<b>192,555</b>		<b>9,397</b>	
Present value of lease liabilities:				
- not later than 1 year	27,122		1,919	
- later than 1 year and not later than 5 years	80,398		1,888	
- later than 5 years	85,035		5,590	
	<b>192,555</b>		<b>9,397</b>	

As explained in Note 2 to the financial statements, the Group and the Company have changed its accounting policies for leases. The new policy and the impact of the change are as described in Note 3(v) and Note 52 to the financial statements respectively.

**42. DEFERRED INCOME**

	GROUP		COMPANY	
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
Government grant	446	601	-	-
<b>Current</b>				
Deferred freight income	28,536	19,275	42	36

The government grants are received in relation to the purchase of property, plant and equipment and right-of-use leasehold land of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 42. DEFERRED INCOME (CONTINUED)

Significant changes of the deferred freight income during the financial period/year are as follows:

	GROUP		COMPANY	
	Financial period ended	Financial year ended	Financial period ended	Financial year ended
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Revenue recognised that was deferred from previous financial year	19,275	26,707	36	138
Consideration received for freight services that are partially or fully unsatisfied at the end of the period/year	28,536	19,275	42	36

#### 43. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		31.12.2018	30.06.2018	31.12.2018	30.06.2018
		RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>					
Other payables		62,664	59,772	-	-
Financial guarantee contracts	43(a)	783	1,041	139,939	61,969
		<b>63,447</b>	<b>60,813</b>	<b>139,939</b>	<b>61,969</b>
<b>Current</b>					
Trade payables		710,434	729,892	98,281	110,636
Accruals		294,921	444,201	98,181	98,139
Other payables		301,364	262,377	59,289	107,550
Employee related payables		106,443	92,881	57,905	36,682
Interest payable		45,470	48,597	22,594	21,787
Goods and services tax/value added tax payable		7,225	9,433	-	-
Financial guarantee contracts	43(a)	688	721	27,317	5,983
		<b>1,466,545</b>	<b>1,588,102</b>	<b>363,567</b>	<b>380,777</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**43. TRADE AND OTHER PAYABLES (CONTINUED)**

Credit terms for trade payables of the Group and of the Company range from 1 to 90 days (30 June 2018: 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 period/year are as follows:

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Guarantees in respect of credit facilities granted to:				
- joint ventures	6,443	6,655	6,443	6,655
- subsidiaries	-	-	1,167,211	694,992
- plasma stakeholders	45,165	49,832	-	-

**44. ACQUISITIONS****Acquisition of subsidiaries**

New Britain Palm Oil Limited ("NBPOL"), a wholly-owned subsidiary of the Company, had on 23 August 2018, completed the acquisition of a 100% equity interest in Markham Farming Company Limited ("MFCL") for a total cash consideration of USD55.0 million (equivalent to approximately RM230.0 million), from Markham Agro Pte. Ltd. ("MAPL") pursuant to a Share Sale and Purchase Agreement ("SPA") entered into between NBPOL and MAPL on 23 August 2018 ("the Acquisition").

The valuation of material assets (land, building, plant and machinery) of the subsidiary acquired were carried out by independent professional firms, to arrive at fair value of identifiable assets and liabilities at the date of acquisition.

As allowed under MFRS 3 "Business Combinations", the Group has exercised the option to finalise the purchase price allocation ("PPA") within 12-month period from acquisition date. As such, on finalisation of the PPA, there may be changes in the provisional fair values of the net assets acquired and, consequently the residual goodwill. The provisional goodwill of RM9.1 million arising from the acquisition consists largely the cost of entry into coconut oil production, synergies and economies of scale expected from combining the oil palm operations of the Group and the subsidiary acquired.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 44. ACQUISITIONS (CONTINUED)

##### Acquisition of subsidiaries (continued)

- (a) The provisional fair value of net identifiable assets including residual goodwill recognised in the financial statements of the Group are as follows:

	Note	GROUP As at 31.12.2018 RM'000
Property, plant and equipment	16	244,114
Right-of-use assets	20	82,262
Trade and other receivables		2,219
Inventories		2,039
Cash and cash equivalents		1,521
Retirement benefits	39(a)	(55)
Deferred tax liabilities	27	(68,279)
Trade and other payables		(8,666)
Borrowings		(34,806)
Net assets acquired		220,349
Purchase consideration		(229,403)
Goodwill	24	(9,054)
(b) The cash outflow on the acquisition is as follows:		
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration		229,403
Less: Bank balances acquired		(1,521)
Net cash outflow from acquisition of a subsidiary		227,882

On 24 November 2017, Mulligan International B.V, an indirect wholly-owned subsidiary of the Company, has completed the acquisition of 90% equity interest in PT Tamiyang Sumber Rezeki ("PT TSR") for a total cash consideration of IDR77.5 billion (equivalent to approximately RM23.7 million). PT TSR was incorporated in Indonesia as a limited liability company and has been granted with the Hak Izin Lokasi and the Izin Usaha Perkebunan on 20,000 hectares of greenfield land in Kabupaten Barito Timur, Kalimantan Tengah, Indonesia. The acquisition is an acquisition of an asset, which is a prepaid lease rental on leasehold land.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**45. SEGMENT INFORMATION - GROUP**

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 management of the Group has determined the operating segments based on information reviewed by the Group's Plantation Leadership Committee ("PLC") which consists of the Group's Managing Director ("MD"), Group Chief Financial Officer ("CFO"), Chief Operating Officer (Upstream), Chief Operating Officer (Downstream), Chief Research & Development Officer, Chief Strategy & Innovation Officer, Chief Human Resources Officer and Chief Sustainability Officer 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 PLC.

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 segment as they are individually insignificant.

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 and Solomon Islands ("PNG/SI")	developing, cultivating and managing oil palm and sugar cane plantation estates; milling of FFB into CPO and PK, processing and sales 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	crushing of PK to crude palm kernel oil ("CPKO") and palm kernel expeller ("PKE"); production and sales of refined oils and fats (which includes specialty and end-user oils and fats); production and sales of coconut oils; 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) FFB, being the oil palm fruits which grow in bunches on oil palm trees, from which CPO and PK are obtained.
- (ii) 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.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 45. SEGMENT INFORMATION - GROUP (CONTINUED)

##### (a) Segment results

	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Upstream Liberia RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000
<b>For the financial period ended 31 December 2018</b>								
Segment revenue								
External	483,185	468,626	584,225	24,227	4,952,723	29,562	-	6,542,548
Inter-segment	1,306,657	654,466	213,490	-	2,125,135	144,872	(4,444,620)	-
	<b>1,789,842</b>	<b>1,123,092</b>	<b>797,715</b>	<b>24,227</b>	<b>7,077,858</b>	<b>174,434</b>	<b>(4,444,620)</b>	<b>6,542,548</b>
Segment results								
Operating profit/(loss)	301,367	67,880	56,629	(55,511)	176,270	8,765	-	555,400
Share of results of joint ventures and associates	-	-	-	-	-	3,159	-	3,159
Profit/(loss) before interest and tax	301,367	67,880	56,629	(55,511)	176,270	11,924	-	558,559
Finance income	1,790	4,100	46	-	2,262	275	-	8,473
Finance costs	(80,463)	(1,349)	(4,171)	-	(8,627)	(15,375)	-	(109,985)
Profit/(loss) before tax	222,694	70,631	52,504	(55,511)	169,905	(3,176)	-	457,047
Tax expense	(44,063)	(58,740)	(14,550)	-	(26,249)	(1,650)	-	(145,252)
Profit/(loss) for the financial period	<b>178,631</b>	<b>11,891</b>	<b>37,954</b>	<b>(55,511)</b>	<b>143,656</b>	<b>(4,826)</b>	<b>-</b>	<b>311,795</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 45. SEGMENT INFORMATION - GROUP (CONTINUED)

## (a) Segment results (continued)

Notes	Upstream	Upstream	Upstream	Upstream	Upstream	Downstream	Other	Inter-	Total
	Malaysia RM'000	Indonesia RM'000	PNG/SI RM'000	Liberia RM'000	RM'000	RM'000	operations RM'000	segment elimination RM'000	
<b>For the financial period ended 31 December 2018 (continued)</b>									
Included in the operating (profit)/loss are:									
6(a) Depreciation and amortisation	176,433	110,268	245,195	10,497	56,961	9,751	-	-	609,105
6(e) Impairment losses of property, plant and equipment, trade and other receivables and advances for plasma plantation projects	2,264	5,220	2,926	16,534	2,772	-	-	-	29,716
7 Reversal of impairment losses of trade and other receivables and advances for plasma plantation projects	(2,208)	(315)	(2,312)	-	(2,978)	-	-	-	(7,813)
7 Gains on disposals of property, plant and equipment and non-current assets held for sale	(50,721)	(474)	(107)	-	(30,345)	-	-	-	(81,647)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

45. SEGMENT INFORMATION - GROUP (CONTINUED)

(a) Segment results (continued)

	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Upstream Liberia RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000
<b>For the financial year ended</b>								
<b>30 June 2018</b>								
Segment revenue								
External	1,297,539	791,003	1,569,466	33,062	10,559,809	118,009	-	14,368,888
Inter-segment	3,187,154	1,035,802	784,919	-	144,127	262,608	(5,414,610)	-
	4,484,693	1,826,805	2,354,385	33,062	10,703,936	380,617	(5,414,610)	14,368,888
Segment results								
Operating profit/(loss)	2,089,449	295,864	191,235	(183,753)	267,417	(87,448)	-	2,572,764
Share of results of joint ventures and associates	-	-	-	-	-	(36,787)	-	(36,787)
Profit/(loss) before interest and tax	2,089,449	295,864	191,235	(183,753)	267,417	(124,235)	-	2,535,977
Finance income	5,632	6,109	42	-	3,123	9,527	-	24,433
Finance costs	(139,536)	-	(2,098)	-	(8,834)	(32,992)	-	(183,460)
Profit/(loss) before tax	1,955,545	301,973	189,179	(183,753)	261,706	(147,700)	-	2,376,950
Tax expense	(261,386)	(127,448)	(42,790)	-	(35,952)	(23,971)	-	(491,547)
Profit/(loss) for the financial period	1,694,159	174,525	146,389	(183,753)	225,754	(171,671)	-	1,885,403

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 45. SEGMENT INFORMATION - GROUP (CONTINUED)

## (a) Segment results (continued)

	Note	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Upstream Liberia RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000
<b>For the financial year ended 30 June 2018 (continued)</b>									
Included in the operating (profit)/loss are:									
Depreciation and amortisation	6(a)	344,403	212,688	458,188	17,413	103,650	17,305	-	1,153,647
Impairment losses of property, plant and equipment, trade and other receivables, prepaid lease rentals, advances for plasma plantation projects, investment in associates, and available-for-sale investments	6(e)	27,094	69,248	545	111,800	6,146	149,218	-	364,051
Reversal of impairment losses of trade and other receivables and advances for plasma plantation projects	7	(93)	(1,928)	(1,405)	-	(1,879)	(27)	-	(5,332)
Gains on disposals of property, plant and equipment and non-current assets held for sale	7	(889,579)	(78)	(730)	-	(10,894)	(70)	-	(901,351)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 45. SEGMENT INFORMATION - GROUP (CONTINUED)

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

	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Upstream Liberia RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000
<b>31 December 2018</b>								
Segment assets								
Operating assets	9,168,113	4,401,696	8,164,513	287,798	4,625,821	263,354	-	26,911,295
Joint ventures and associates	-	-	-	-	-	488,483	-	488,483
Non-current assets held for sale	14	124,587	-	-	74	-	-	124,675
	9,168,127	4,526,283	8,164,513	287,798	4,625,895	751,837	-	27,524,453
Segment liabilities								
Liabilities	1,294,130	576,159	241,694	33,167	395,549	86,178	-	2,626,877
Liabilities directly associated with non-current assets held for sale	-	21,133	-	-	-	-	-	21,133
	1,294,130	597,292	241,694	33,167	395,549	86,178	-	2,648,010
Additions to non-current assets are as follows:								
Capital expenditure	369,792	262,412	141,576	2,553	52,321	14,921	-	843,575

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 45. SEGMENT INFORMATION - GROUP (CONTINUED)

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

	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Upstream Liberia RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000
<b>30 June 2018</b>								
Segment assets								
Operating assets	8,951,372	4,145,471	7,834,656	304,532	4,187,702	271,161	-	25,694,894
Joint ventures and associates	100	-	-	-	-	475,927	-	476,027
Non-current assets held for sale	43,714	136,566	-	-	38,684	-	-	218,964
	8,995,186	4,282,037	7,834,656	304,532	4,226,386	747,088	-	26,389,885
Segment liabilities								
Liabilities	611,741	595,614	178,202	27,768	463,375	94,391	-	1,971,091
Liabilities directly associated with non-current assets held for sale	-	17,179	-	-	28,814	-	-	45,993
	611,741	612,793	178,202	27,768	492,189	94,391	-	2,017,084
Additions to non-current assets are as follows:								
Capital expenditure	675,687	453,008	303,558	16,165	79,456	53,782	-	1,581,656

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 45. SEGMENT INFORMATION - GROUP (CONTINUED)

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

Capital expenditure consists of the following:

	31.12.2018 RM'000	30.06.2018 RM'000
Property, plant and equipment	831,632	1,575,822
Right-of-use assets	8,439	-
Prepaid lease rentals	-	461
Intangible assets other than goodwill	3,504	5,373
	<b>843,575</b>	<b>1,581,656</b>

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

	31.12.2018 RM'000	30.06.2018 RM'000
Assets:		
Segment total	27,524,453	26,389,885
Tax assets	1,101,849	1,101,790
	<b>28,626,302</b>	<b>27,491,675</b>
Liabilities:		
Segment total	2,648,010	2,017,084
Tax liabilities	2,742,898	2,657,966
Borrowings	7,296,914	6,489,398
Lease liabilities	192,555	-
Finance lease obligations	-	13,425
	<b>12,880,377</b>	<b>11,177,873</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**45. SEGMENT INFORMATION - GROUP (CONTINUED)****(c) Segment by geography**

Revenue by location of customers is analysed as follows:

	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
Malaysia	1,495,248	3,340,457
Europe	1,227,976	3,218,309
India	1,489,702	2,760,473
Indonesia	447,252	952,426
Thailand	544,604	1,123,264
Other countries in South East Asia	184,178	454,252
South Africa	282,666	679,978
Papua New Guinea and Solomon Islands	245,587	358,075
China	106,163	378,661
Liberia	24,227	33,062
Other countries (which are individually insignificant)	494,945	1,069,931
	<b>6,542,548</b>	<b>14,368,888</b>

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

	31.12.2018 RM'000	30.06.2018 RM'000
Malaysia	11,997,659	9,691,118
Indonesia	3,546,698	3,963,942
Papua New Guinea and Solomon Islands	5,996,536	6,924,120
Liberia	251,332	268,664
Thailand	274,080	254,056
China	23,911	24,841
Europe	536,994	447,542
South Africa	12,577	11,925
	<b>22,639,787</b>	<b>21,586,208</b>



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 45. SEGMENT INFORMATION - GROUP (CONTINUED)

##### (c) Segment by geography (continued)

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

	31.12.2018 RM'000	30.06.2018 RM'000
Non-current assets other than financial instruments and tax assets	<b>22,639,787</b>	21,586,208
Investments at FVOCI (previously classified as available-for-sale-investments)	<b>29,294</b>	28,090
Deferred tax assets	<b>508,991</b>	518,896
Tax recoverable	<b>290,412</b>	275,428
Receivables	<b>115,122</b>	109,340
	<b>23,583,606</b>	22,517,962

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 those disclosed in Note 48, there are no significant contingent liabilities as at the period/year end.

#### 47. COMMITMENTS

##### (a) Capital commitments

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted				
- property, plant and equipment	<b>330,636</b>	255,910	<b>105,403</b>	66,056
Not contracted				
- bearer plants	<b>681,400</b>	1,208,442	<b>255,903</b>	146,109
- property, plant and equipment	<b>68,924</b>	112,362	<b>119,281</b>	68,045
	<b>1,080,960</b>	1,576,714	<b>480,587</b>	280,210

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**47. COMMITMENTS (CONTINUED)****(b) Leases**

	<b>GROUP</b>	<b>COMPANY</b>
	<b>30.06.2018</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Commitments under non-cancellable operating leases:		
- expiring not later than 1 year	44,344	17,934
- expiring later than 1 year but not later than 5 years	84,238	27,254
- expiring later than 5 years	127,881	-
	<u>256,463</u>	<u>45,188</u>

As explained in Note 2 to the financial statements, the Group and the Company have changed its accounting policies for leases. The new policies are as described in Note 3(v). The impact of the change and the reconciliation for the differences between operating lease commitments disclosed as at 30 June 2018 and lease liabilities recognised at the date of initial application of 1 July 2018 are disclosed in Note 52 to the financial statement.

**(c) Plasma plantation**

The Group is committed to develop a total of 56,722 (30 June 2018: 56,722) hectares of oil palm plantation for plasma farmers in Indonesia. A total of 47,004 (30 June 2018: 46,884) hectares have been developed of which approximately 37,113 (30 June 2018: 37,113) hectares have been transferred/handed over to plasma farmers.

**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 of the Group, 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. PT SHE's HGU 35 measures about 2,218 Ha. If it loses this claim, PT SHE could potentially lose HGU 35, the NBV of which is about IDR29.0 billion (equivalent to around RM8.3 million). In addition, PT SHE would also lose the potential income from HGU 35.

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 forming part of HGU 35 to PT AS ("1st Judicial Review Decision").

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 48. MATERIAL LITIGATION (CONTINUED)

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

##### (a) PT Sajang Heulang (“PT SHE”) vs. PT Anzawara Satria (“PT AS”) (continued)

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 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 palm 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 RM191.8 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 RM19.9 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. The Supreme Court has rejected PT SHE’s appeal and following that, on 5 March 2018, PT SHE filed a judicial review against the decision of the Supreme Court. As at the report date, the decision of the judicial review is pending.

In February 2018, PT SHE received a copy of a notice from the Provincial Land Office in Kalimantan Selatan dated 3 January 2018 addressed to the Central Land Office in Jakarta on an application to annul PT SHE’s HGU 35. PT SHE has filed a written objection to the Central Land Office in Jakarta in respect of the said application. As at the report date, the said application to annul PT SHE’s HGU 35 is still pending.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**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”)**

Prior to the Group’s acquisition of NBPOL (which was completed on 2 March 2015), a wholly-owned subsidiary, NBPOL, had on 31 August 2011 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”). Such benefits received by the Defendants include rental paid by NBPOL for 3,720 Ha of land under the SABL (“Land”), royalties for the fresh fruit bunches harvested from the Land, and 31,250 ordinary shares in NBPOL respectively issued to each of the Defendants.

The term of the sub-leases is 25 years commencing from 2005 and expiring in 2030. NBPOL could potentially lose access to and possession over these sub-leases if it loses these claims. The potential loss to the Group is the value of the Land, which is around PGK71.3 million (equivalent to around RM88.0 million) based on the NBV of buildings, infrastructures and bearer plants on the Land. In addition, NBPOL would also lose the potential income from the Land.

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. In the alternative, NBPOL also claimed for compensation for costs incurred by NBPOL in developing the Land into an oil palm estate totalling around PGK30.7 million (equivalent to around RM37.9 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 respectively issued to each of the Defendants pursuant to the SLAs.

The Defendants in turn cross-claimed, among others, that the SLAs were unfair and inequitable, and should be declared invalid, void and of no effect. The Defendants also claimed for damages for environmental damage and trespass to property by NBPOL. The Group is of the view that the Defendants’ cross-claims are unlikely to succeed.

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.

On 25 June 2018, the Court rendered its decision on NBPOL’s claims against Meloks in NBPOL’s favour. In its decision, the Court declared the SLA entered into between NBPOL and Meloks to be valid and an order of specific performance was made against Meloks to deliver the SABL to NBPOL and to do all acts and things necessary to enable NBPOL to register the SLA entered into between NBPOL and Meloks. The Court dismissed Meloks’ cross-claims. On 10 October 2018, Meloks surrendered the SABL to NBPOL, however, in view that Meloks had laminated the SABL, Meloks executed an application for the official copy of the SABL which was lodged with the registrar of titles on 10 January 2019. NBPOL will make the application for registration of the SLA entered into between NBPOL and Meloks after it has obtained the official copy of the SABL.

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. Masile and Rikau are now considering whether to continue defending NBPOL’s claims in view of the Court’s decision on the trial relating to NBPOL’s claims against Meloks.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 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 officers 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 officers 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”).

In that regard, YKEP then filed a petition to execute the Judicial Review Decision to the Central Jakarta District Court, demanding that (i) the 6,200 ordinary shares in PT ITH be returned to YKEP and (ii) PT MAP and the former officers of YKEP to pay compensation for damages to YKEP in the amount of IDR 200.0 billion (equivalent to around RM57.0 million). YKEP’s petition was granted under a Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court which obligates PT MAP and the former officers of YKEP to comply with the Judicial Review Decision.

In response, the former officers of YKEP (some of them were represented by their heirs) filed a Third Party Opposition (Gugatan Perlawanan) registered under case number 537/PDT.PLW/2017/PN.Jkt.Pst dated 18 October 2017, seeking nullification towards the Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court and the execution of the Judicial Review Decision, on the basis that (i) the 6,200 ordinary shares in PT ITH are currently owned by YKEP; (ii) YKEP has also received dividends as a shareholder of PT ITH; and (iii) there is conflicting decision on the matter of legality of transfer of the 6,200 shares in PT ITH between (i) the Judicial Review Decision No. 196 PK/Pdt/2016, which nullified such transfer of shares and (ii) the Decision of East Jakarta District Court No. 130/Pdt.G/2015/PN.Jkt.tim dated 7 July 2015 (“Decision of East Jakarta District Court”), which declared the transfer of 6,200 ordinary shares in PT ITH from YKEP to PT MAP as legally valid. However, neither YKEP, PT ITH, PT MGG nor PT ASM was included as parties under the Decision of East Jakarta District Court. On 12 April 2018, the Central Jakarta District Court rejected the Third Party Opposition (Gugatan Perlawanan) by the former officers of YKEP. The former officers have since filed an appeal against the decision of the Central Jakarta District Court and as the report date, the appeal is on-going.

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, namely (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**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”) (continued)**

The compensation sought by PT MAP and PT PS comprise: (i) material damages (direct loss) in the amount of IDR247.0 billion (equivalent to around RM70.4 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM39.1 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM71.3 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM142.5 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM284.2 million), being the total sum of the above material damages (excluding the 3% interest), fine and immaterial damages claimed by PT MAP and PT PS from all the 11 defendants, individually or jointly and severally. 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 the Judicial Review Decision. In response, PT MAP and PT PS filed an appeal to the Supreme Court but the Supreme Court rejected PT MAP and PT PS’ appeal. PT MAP, PT PS and 3 others have filed a judicial review in the Supreme Court of Jakarta against the Supreme Court’s decision.

**(d) Chantico Ship Management Ltd (“Chantico”) vs. Sime Darby Oils Zwijndrecht Refinery B.V. (fka Sime Darby Unimills B.V.) (“SDOZR”)**

SDOZR, a wholly-owned subsidiary of the Group, is involved in litigation in respect of a vessel known as the mv Geraki (formerly known as mv Cap Thanos). This vessel was carrying vegetable oils for 9 different cargo owners (7 European cargo owners and 2 Algerian cargo owners). One of the 9 cargo owners is SDOZR. The percentage of SDOZR’s cargo on board was about 14.4%. The voyage of this vessel was interrupted in Greece in June 2010, when the vessel owners declared themselves unable to continue the voyage to Bejaia, Barcelona, Lisbon and Rotterdam due to financial reasons, and the vessel was anchored in Psachna, Greece. The vessel was auctioned and in April 2011 sold to Chantico Shipmanagement Ltd. All cargoes were eventually discharged in May/April 2013. Beginning in 2012 Chantico started various proceedings against cargo owners.

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.

The writ was served on only 4 European (including SDOZR) and 2 Algerian cargo owners so far and has yet to be served on the 3 other cargo owners. The claims by Chantico 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 (one of which is SDOZR), jointly and severally, was initially EUR11.3 million (equivalent to around RM53.7 million). However Chantico subsequently dropped some of their claims and this amount was reduced to EUR6.0 million (equivalent to around RM28.5 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 SDOZR was EUR8.4 million (equivalent to around RM39.9 million). The claim for the storage fee was also subsequently dropped by Chantico. The potential exposure of SD Unimills (and of the other 8 cargo owners, jointly and severally) under Lawsuit is around EUR6.0 million (equivalent to around RM28.5 million), being the total of Chantico’s reduced claims under Lawsuit 1. The hearing in respect of the 4 European cargo owners that have been served with a writ commenced on 12 June 2018 before the Court of Piraeus and was continued on 25 September 2018. Following the hearing on 25 September 2018, the final submissions for the case was drafted and filed with the Court of Piraeus.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 48. MATERIAL LITIGATION (CONTINUED)

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

**(d) Chantico Ship Management Ltd (“Chantico”) vs. Sime Darby Oils Zwijndrecht Refinery B.V. (fka Sime Darby Unimills B.V.) (“SDOZR”) (continued)**

The following 2 lawsuits are still pending: (continued)

- (ii) Proceedings before the Court of Piraeus, started in December 2015 (“Lawsuit 2”) and filed against the same 9 cargo owners, including SDOZR, and a third party.

The writ has been served on SDOZR and the other 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, jointly and severally, amounts to EUR9.3 million (equivalent to around RM44.2 million) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000.00 (equivalent to around RM1.8 million) for port and anchorage dues. The hearing for these proceedings commenced on 12 June 2018 and was continued on 25 September 2018. Following the hearing on 25 September 2018, the final submissions for the case was drafted and filed with the Court of Piraeus. The potential exposure of SDOZR (and of the other 8 cargo owners, jointly and severally) under Lawsuit 2 could be up to around EUR9.7 million (equivalent to around RM46.1 million), being the total of Chantico’s claims under Lawsuit 2. Also in this case, any full payment by SDOZR of any adjudged part of the joint and several EUR9.7 million claim, would give SDOZR the right to claim in recourse from the other Defendants their contribution.

Settlement negotiations in respect of Lawsuit 1 and Lawsuit 2 thus far have not led to fruitful results.

The cargo underwriters for the 7 European cargo owners, including SDOZR, had in January 2014 raised doubts on the coverage under the cargo insurance certificates for the claims under Lawsuit 1 and Lawsuit 2, but are still prepared to contribute to a settlement in Lawsuit 1 with a total sum of EUR583,000 (equivalent to around RM2.8 million) for the 7 European cargo owners, of which SDOZR’s share is 27.25% or EUR158,867.50 (equivalent to around RM755,264). The Group’s Greek counsel estimates the exposure of SDOZR (and of the other 8 cargo owners, jointly and severally) at EUR2.1 million including interest (equivalent to around RM10.0 million) for Lawsuit 1 and EUR145,000.00 including interest (equivalent to around RM689,337) for Lawsuit 2.

#### 49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS

The immediate and ultimate holding companies of the Company are Permodalan Nasional Berhad (“PNB”) and Yayasan Pelaburan Bumiputra (“YPB”), which are incorporated in Malaysia.

Transactions entered into for the respective financial period/year 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 negotiated trade terms and conditions and do not require the approval of shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

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	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>(a) Transactions with former fellow subsidiaries</b>				
(i) Payroll, accounting and IT processing costs				
- Sime Darby Global Services Centre Sdn Bhd	-	23,192	-	10,511
(ii) Management fees payable				
- Sime Darby Holdings Berhad	-	14,036	-	14,036
(iii) Interest expenses				
- Sime Darby Holdings Berhad	-	17,558	-	17,558
(iv) Purchase of heavy equipment, spare parts and services				
- Sime Darby Industrial Holdings Sdn Bhd	-	21,077	-	7,780
- Sime Kubota Sdn Bhd	-	3,336	-	2,942
(v) Corporate social responsibility donation paid				
- Yayasan Sime Darby	-	72,939	-	72,939
(vi) Proceeds on sale of land				
- Sime Darby Property Berhad	-	689,587	-	689,587
- Kumpulan Sime Darby Berhad	-	612	-	612

The purchase consideration for the sale of lands to Sime Darby Property Berhad during the financial year ended 30 June 2018 amounting to RM689.6 million was arrived at after considering their market values as determined by independent external professional valuers.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>(b) Transactions with former immediate holding company (prior to demerger in November 2017)</b>				
(i) Issuance of new ordinary shares	-	500,000	-	500,000
<b>(c) Transactions with joint ventures</b>				
(i) Sale of goods and tolling services				
- Emery Oleochemicals (M) Sdn Bhd	16,618	41,000	15,957	38,811
- Rizhao Sime Darby Oils & Fats Co. Ltd.	19,268	-	-	-
(ii) Advances to a joint venture				
- Guangzhou Keylink Chemicals Co., Ltd.	-	21,978	-	21,978
<b>(d) Transactions with associates</b>				
(i) Purchase of latex concentrate				
- Thai Eastern Trat Co., Ltd.	29,989	73,734	-	-
(ii) Repayment of convertible notes of an associate				
- Verdezyne, Inc.	-	12,340	-	-
(iii) Repayment of bank loans on behalf of an associate				
- Verdezyne, Inc.	-	22,300	-	22,300
<b>(e) Transactions with subsidiaries</b>				
(i) Sales of goods				
- Sime Darby Oils Trading (Labuan) Limited (fka Sime Darby Global Trading (Labuan) Limited)	-	-	423,946	313,462
- Sime Darby Oils Trading Sdn Bhd (fka Sime Darby Futures Trading Sdn Bhd)	-	-	834	144,117
- Sime Darby Oils Biodiesel Sdn Bhd (fka Sime Darby Biodiesel Sdn Bhd)	-	-	63,721	137,929
- Sime Darby Oils Zwijndrecht Refinery B.V. (fka Sime Darby Unimills B.V.)	-	-	39,108	124,919
- Sime Darby Foods & Beverages Marketing Sdn Bhd	-	-	35,899	112,902
- Sime Darby Oils Pasir Gudang Sdn Bhd (fka Sime Darby Kempas Sdn Bhd)	-	-	41,402	105,326
- The China Engineers (Malaysia) Sdn Bhd	-	-	17,234	63,478
- Sime Darby Oils South Africa (Pty) Ltd. (fka Sime Darby Hudson And Knight (Pty) Ltd.)	-	-	7,143	12,087
(ii) Research expenses				
- Sime Darby Technology Centre Sdn Bhd	-	-	14,594	27,941
- Sime Darby Research Sdn Bhd	-	-	33,482	61,886

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

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

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>(e) Transactions with subsidiaries (continued)</b>				
(iii) Commission on purchase of FFB and sale of palm products				
- Sime Darby Oils Trading Sdn Bhd (fka Sime Darby Futures Trading Sdn Bhd)	-	-	<b>18,506</b>	49,094
(iv) Management fees income				
- Sime Darby Plantation (Sabah) Sdn Bhd	-	-	<b>6,843</b>	13,678
(v) Interest income/(expenses)				
- Guthrie Industries Malaysia Sendirian Berhad	-	-	<b>4,313</b>	8,088
- Mulligan International B.V.	-	-	<b>2,814</b>	5,353
- Sime Darby Global Berhad	-	-	<b>(8,291)</b>	(18,944)
(vi) Purchases of goods				
- The China Engineers (Malaysia) Sdn Bhd	-	-	<b>61,362</b>	260,231
- Sime Darby Agri-Bio Sdn Bhd	-	-	<b>49,658</b>	83,610
- Sime Darby Oils Bintulu Sdn Bhd (fka Sime Darby Austral Sdn Bhd)	-	-	<b>38,318</b>	11,298
- Sime Darby Oils Trading Sdn Bhd (fka Sime Darby Futures Trading Sdn Bhd)	-	-	<b>14,212</b>	17,954
- Sanguine (Malaysia) Sdn Bhd	-	-	<b>2,799</b>	8,038
- PT Aneka Inti Persada	-	-	<b>6,406</b>	-
- PT Teguh Sempurna	-	-	<b>12,793</b>	-
(vii) Dividend income				
- Chermang Development Sdn Bhd	-	-	-	51,725
(viii) Capital contribution to subsidiaries/(repayment of capital contribution)				
- Sime Darby Plantation (Liberia) Inc.	-	-	<b>23,214</b>	84,194
- Sime Darby Plantation (Europe) Ltd	-	-	<b>(51,120)</b>	-
(ix) Advances to subsidiaries				
- Sime Darby Oils Trading (Labuan) Limited (fka Sime Darby Global Trading (Labuan) Limited)	-	-	<b>61,774</b>	112,527
- Sime Darby Agri-Bio Sdn Bhd	-	-	-	49,370
(x) Guarantees in respect of credit facilities granted to subsidiaries				
- Industrial Enterprises Co., Ltd.	-	-	<b>48,175</b>	49,692
- Sime Darby Oils Netherlands B.V. (fka Sime Darby Netherlands B.V.)	-	-	<b>640,846</b>	645,299
- New Britain Palm Oil Limited	-	-	<b>478,190</b>	-
(xi) Purchase of compost plant				
- Sime Darby Agri-Bio Sdn Bhd	-	-	<b>10,446</b>	-

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

#### 49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

##### (f) Transactions with shareholders and Government

PNB and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.93% as at 31 December 2018 (30 June 2018: 53.08%) of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through YPB. The Group considers that, for the purpose of MFRS 124 "Related Party Disclosures", the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government related entities) are related parties of the Group and of the Company.

Transactions entered into during the financial period include the following:

	GROUP		COMPANY	
	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 RM'000
<b>Transactions with related parties</b>				
(i) Payroll, accounting and IT processing costs* - Sime Darby Global Services Centre Sdn Bhd	<b>32,628</b>	51,954	<b>12,062</b>	20,666
(ii) Purchase of heavy equipment, spare parts and services* - Sime Darby Industrial Holdings Sdn Bhd - Sime Kubota Sdn Bhd	<b>25,311</b> <b>13,584</b>	24,367 9,327	<b>11,364</b> <b>12,608</b>	13,336 7,887
(iii) Purchase of properties - Sime Darby Holiday Homes Sdn Bhd	-	12,450	-	12,450
(iv) Sale and transfer of redeemable loan stocks in Prolintas Expressway Sdn Bhd - Permodalan Nasional Berhad	-	333,244	-	-
<b>Transactions with associate</b>				
(i) Corporate social responsibility donation paid* - Yayasan Sime Darby	<b>20,000</b>	20,000	<b>20,000</b>	20,000

\* Prior to demerger of Sime Darby Berhad in November 2017, these transactions and related balances were previously included as transaction with former fellow subsidiaries in Note 49(a).

Apart from the individually significant transactions as disclosed in elsewhere in the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- (i) Purchasing of goods and services, including use of public utilities and amenities; and
- (ii) Placement of bank deposits with government-related financial institutions

All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**49. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

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

**(g) Significant non-cash transactions**

The significant non-cash related party transactions as set out below were entered into during the financial year ended 30 June 2018 to settle the amount due to Sime Darby Holdings Berhad, a former fellow subsidiary:

	Note	GROUP/COMPANY	
		31.12.2018 RM'000	30.06.2018 RM'000
(i) Settlement of the net amount owing to Sime Darby Holdings Berhad via proceeds from sales of MVV Land to:			
- Sime Darby Property Berhad, a former wholly-owned subsidiary of SDB	49(a)	-	689,587
- Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of SDB	49(a)	-	612
(ii) Settlement of the net amount owing to Sime Darby Holdings Berhad via issuance of new ordinary shares to SDB	34	-	500,000
(iii) Assignment of debt payable to SDB to Sime Darby Holdings Berhad		-	145,392

**(h) Remuneration of Directors and key management personnel**

	GROUP/COMPANY	
	Financial period ended 31.12.2018 RM'000	Financial year ended 30.06.2018 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 period/year are as follows:		
- Salaries, fees and other emoluments	10,232	20,485
- Defined contribution pension plans	1,361	2,437
- Estimated monetary value of benefits by way of usage of the Group's and the Company's assets	177	123
	<b>11,770</b>	<b>23,045</b>

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

**(i) The outstanding balances with related companies within the PNB Group are shown in Note 31. The significant outstanding balances with other related parties are as follows:**

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Amounts due from joint ventures				
- Rizhao Sime Darby Oils & Fats Co. Ltd.	7,432	-	327	-
- Guangzhou Keylink Chemicals Co., Ltd.	44,715	31,258	25,606	27,174

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS

### (a) Financial instruments by category

Financial assets and financial liabilities are categorised as follows:

	GROUP				
	Derivatives used for hedging RM'000	Financial assets at FVTPL RM'000	Financial assets at amortised cost RM'000	Financial assets at FVOCI RM'000	Total RM'000
<b>31 December 2018</b>					
<b>NON-CURRENT ASSETS</b>					
Investments at FVOCI	-	-	-	29,294	29,294
Trade and other receivables	-	-	115,122	-	115,122
<b>CURRENT ASSETS</b>					
Trade and other receivables	-	-	1,717,330	-	1,717,330
Amounts due from related parties	-	-	2,171	-	2,171
Derivatives	19,480	39,184	-	-	58,664
Bank balances, deposits and cash	-	-	491,042	-	491,042
Total financial assets	19,480	39,184	2,325,665	29,294	2,413,623
	Derivatives used for hedging RM'000	Financial liabilities at FVTPL RM'000	Financial guarantee contracts RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	-	-	-	5,492,575	5,492,575
Other payables	-	-	783	62,664	63,447
<b>CURRENT LIABILITIES</b>					
Trade and other payables	-	-	688	1,458,632	1,459,320
Borrowings	-	-	-	1,804,339	1,804,339
Amounts due to related parties	-	-	-	61,020	61,020
Dividend payable	-	-	-	748,092	748,092
Derivatives	1,375	19,823	-	-	21,198
Total financial liabilities	1,375	19,823	1,471	9,627,322	9,649,991

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments by category (continued)

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

	GROUP				
	Derivatives used for hedging RM'000	Fair value through profit or loss - held for trading RM'000	Loans and receivables at amortised cost RM'000	Available- for-sale financial assets RM'000	Total RM'000
<b>30 June 2018</b>					
<b>NON-CURRENT ASSETS</b>					
Available-for-sale investments	-	-	-	28,090	28,090
Trade and other receivables	-	-	109,340	-	109,340
<b>CURRENT ASSETS</b>					
Trade and other receivables	-	-	1,852,836	-	1,852,836
Amounts due from related parties	-	-	2,559	-	2,559
Derivatives	29,615	27,611	-	-	57,226
Bank balances, deposits and cash	-	-	363,238	-	363,238
Total financial assets	29,615	27,611	2,327,973	28,090	2,413,289
	Derivatives used for hedging RM'000	Fair value through profit or loss - held for trading RM'000	Financial guarantee contracts RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	-	-	-	5,395,204	5,395,204
Other payables	-	-	1,041	59,772	60,813
<b>CURRENT LIABILITIES</b>					
Trade and other payables	-	-	721	1,577,948	1,578,669
Borrowings	-	-	-	1,094,194	1,094,194
Amounts due to related parties	-	-	-	54,104	54,104
Derivatives	11,427	13,075	-	-	24,502
Total financial liabilities	11,427	13,075	1,762	8,181,222	8,207,486

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments by category (continued)

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

	COMPANY				Total RM'000
	Derivatives used for hedging RM'000	Financial assets at FVTPL RM'000	Financial assets at amortised cost RM'000	Financial assets at FVOCI RM'000	
<b>31 December 2018</b>					
<b>NON-CURRENT ASSETS</b>					
Investments at FVOCI	-	-	-	25,749	25,749
Amount due from a subsidiary	-	-	49,080	-	49,080
<b>CURRENT ASSETS</b>					
Trade and other receivables	-	-	190,334	-	190,334
Amounts due from subsidiaries	-	-	522,981	-	522,981
Amounts due from related parties	-	-	2,903	-	2,903
Derivatives	18,536	2,324	-	-	20,860
Bank balances, deposits and cash	-	-	65,693	-	65,693
<b>Total financial assets</b>	<b>18,536</b>	<b>2,324</b>	<b>830,991</b>	<b>25,749</b>	<b>877,600</b>

	Financial liabilities at FVTPL RM'000	Financial guarantee contracts RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
	<b>NON-CURRENT LIABILITIES</b>			
Amount due to a subsidiary	-	-	504,707	504,707
Borrowings	-	-	4,292,526	4,292,526
Other payables	-	139,939	-	139,939
<b>CURRENT LIABILITIES</b>				
Trade and other payables	-	27,317	336,250	363,567
Borrowings	-	-	974,443	974,443
Amounts due to subsidiaries	-	-	1,000,313	1,000,313
Amounts due to related parties	-	-	36,826	36,826
Dividend payable	-	-	748,092	748,092
Derivatives	8,883	-	-	8,883
<b>Total financial liabilities</b>	<b>8,883</b>	<b>167,256</b>	<b>7,893,157</b>	<b>8,069,296</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments by category (continued)

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

	COMPANY					Total RM'000
	Derivatives used for hedging RM'000	Fair value through profit or loss - held for trading RM'000	Available- receivables at amortised cost RM'000	Available for-sale financial assets RM'000		
<b>30 June 2018</b>						
<b>NON-CURRENT ASSETS</b>						
Available-for-sale investments	-	-	-	26,588	-	26,588
Amount due from a subsidiary	-	-	56,679	-	-	56,679
<b>CURRENT ASSETS</b>						
Trade and other receivables	-	-	278,583	-	-	278,583
Amounts due from subsidiaries	-	-	583,231	-	-	583,231
Amounts due from related parties	-	-	4,228	-	-	4,228
Derivatives	24,919	3,049	-	-	-	27,968
Bank balances, deposits and cash	-	-	68,284	-	-	68,284
Total financial assets	24,919	3,049	991,005	26,588	-	1,045,561
<b>NON-CURRENT LIABILITIES</b>						
Amount due to a subsidiary	-	-	-	490,463	-	490,463
Borrowings	-	-	-	4,397,767	-	4,397,767
Other payables	-	-	61,969	-	-	61,969
<b>CURRENT LIABILITIES</b>						
Trade and other payables	-	-	5,983	374,794	-	380,777
Borrowings	-	-	-	519,728	-	519,728
Amounts due to subsidiaries	-	-	-	1,093,237	-	1,093,237
Amounts due to related parties	-	-	-	31,454	-	31,454
Derivatives	986	7,163	-	-	-	8,149
Total financial liabilities	986	7,163	67,952	6,907,443	-	6,983,544



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

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:

	GROUP							Total RM'000
	Derivatives used for hedging		Financial assets at FVTPL			Financial assets at amortised cost	Financial liabilities at amortised cost	
	Forward foreign exchange contracts RM'000	Forward foreign exchange contracts RM'000	Commodities forward contracts RM'000	Interest rate swap RM'000	Financial assets at amortised cost RM'000			
<b>For the financial period 31 December 2018</b>								
Operating expenses								
- impairment of trade and other receivables	-	-	-	-	(5,768)	-	-	(5,768)
- impairment of advances for plasma plantation projects	-	-	-	-	(3,440)	-	-	(3,440)
- bad debts written off	-	-	-	-	(97)	-	-	(97)
Other operating income								
- reversal of impairment of trade and other receivables	-	-	-	-	7,498	-	-	7,498
- reversal of impairment of advances for plasma plantation projects	-	-	-	-	315	-	-	315
Other gains and losses								
- net change in fair value	(7,966)	8,838	3,268	-	-	-	-	4,140
Finance income	-	-	-	-	8,473	-	-	8,473
Finance costs	-	-	-	-	-	-	(127,437)	(127,437)
	<b>(7,966)</b>	<b>8,838</b>	<b>3,268</b>	<b>-</b>	<b>6,981</b>	<b>-</b>	<b>(127,437)</b>	<b>(116,316)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 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)

	GROUP							Total RM'000	
	Derivatives used for hedging		Fair value through profit or loss - held for trading		Available- for-sale financial assets RM'000	Loans and receivables RM'000	Interest rate swap RM'000		Financial liabilities at amortised cost RM'000
	Forward foreign exchange contracts RM'000	Forward foreign exchange contracts RM'000	Commodities forward contracts RM'000	Interest rate swap RM'000					
<b>For the financial year 30 June 2018</b>									
Operating expenses									
- impairment of trade and other receivables	-	-	-	-	(14,504)	-	-	(14,504)	
- impairment of advances for plasma plantation projects	-	-	-	-	(1,248)	-	-	(1,248)	
- impairment of investment in available-for-sale investment	-	-	-	-	-	(22,424)	-	(22,424)	
- bad debts written off	-	-	-	-	(1,103)	-	-	(1,103)	
Other operating income									
- reversal of impairment of trade and other receivables	-	-	-	-	3,404	-	-	3,404	
- reversal of impairment of advances for plasma plantation projects	-	-	-	-	1,928	-	-	1,928	
Other gains and losses									
- net change in fair value	27,682	(18,031)	(22,479)	-	-	-	-	(12,828)	
Finance income	-	-	-	-	24,433	-	-	24,433	
Finance costs	-	-	-	-	-	-	(228,478)	(228,478)	
	27,682	(18,031)	(22,479)	-	12,910	(22,424)	(228,478)	(250,820)	

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

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							Total RM'000	
	Derivatives used for hedging		Financial assets at FVTPL			Financial assets at amortised cost	Financial liabilities at amortised cost		Financial assets at FVOCI
	Forward foreign exchange contracts RM'000	Forward foreign exchange contracts RM'000	Commodities forward contracts RM'000	Interest rate swap RM'000	Financial assets at amortised cost RM'000				
<b>For the financial period 31 December 2018</b>									
Operating expenses									
- impairment of trade and other receivables	-	-	-	-	(2,724)	-	-	(2,724)	
- impairment of amounts due from subsidiaries	-	-	-	-	(11,795)	-	-	(11,795)	
Other gains and losses									
- net change in fair value	267	1,112	(3,849)	-	-	-	-	(2,470)	
Finance income	-	-	-	-	8,934	-	-	8,934	
Finance costs	-	-	-	-	-	-	(100,269)	(100,269)	
	<b>267</b>	<b>1,112</b>	<b>(3,849)</b>	<b>-</b>	<b>(5,585)</b>	<b>-</b>	<b>(100,269)</b>	<b>(108,324)</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

## 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							Total RM'000			
	Derivatives used for hedging		Fair value through profit or loss - held for trading		Available-for-sale financial assets	Loans and receivables	Interest rate swap		Commodities forward contracts	Forward foreign exchange contracts	Financial liabilities at amortised cost
	Forward foreign exchange contracts	RM'000	Forward foreign exchange contracts	RM'000							
<b>For the financial year</b>											
<b>30 June 2018</b>											
Operating expenses											
- impairment of trade and other receivables	-		-			(13,106)					(13,106)
- impairment of amounts due from subsidiaries	-		-			(61,658)					(61,658)
Other operating income											
- reversal of impairment of amounts due from subsidiaries	-		-			2,531					2,531
Other gains and losses											
- net change in fair value	(378)		(1,183)		(26,305)						(27,866)
Finance income	-		-			18,908					18,908
Finance costs	-		-							(190,999)	(190,999)
	(378)		(1,183)		(26,305)		(53,325)			(190,999)	(272,190)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 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 shareholders. 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 9. 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 and the Company are exposed to currency risk as a result of the foreign currency transactions entered into by the Group and the Company. The Group's and the Company's revenue were transacted in the following currencies:

	GROUP		
	Functional currency RM'000	Other than functional currency RM'000	Total revenue RM'000
<b>For the financial period ended 31 December 2018</b>			
Transacted currency			
Ringgit Malaysia	1,435,087	-	1,435,087
United States Dollar	2,292,390	256,949	2,549,339
Indonesian Rupiah	425,498	4,402	429,900
European Union Euro	706,447	16,682	723,129
Singapore Dollar	759	8,572	9,331
Thailand Baht	535,229	-	535,229
Vietnamese Dong	77,965	-	77,965
South African Rand	282,025	-	282,025
United Kingdom Pound	-	301,499	301,499
Papua New Guinea Kina	-	199,044	199,044
	<b>5,755,400</b>	<b>787,148</b>	<b>6,542,548</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (i) Foreign currency exchange risk (continued)

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

	GROUP		
	Functional currency RM'000	Other than functional currency RM'000	Total revenue RM'000
<b>For the financial year ended 30 June 2018</b>			
Transacted currency			
Ringgit Malaysia	3,324,620	-	3,324,620
United States Dollar	3,327,661	2,182,793	5,510,454
Indonesian Rupiah	952,426	7,027	959,453
European Union Euro	1,719,402	36,765	1,756,167
Singapore Dollar	28,054	-	28,054
Thailand Baht	1,084,009	-	1,084,009
Vietnamese Dong	228,007	-	228,007
South African Rand	664,126	-	664,126
United Kingdom Pound	434,454	58,814	493,268
Papua New Guinea Kina	-	319,921	319,921
Other currencies	-	809	809
	<b>11,762,759</b>	<b>2,606,129</b>	<b>14,368,888</b>

	COMPANY		
	Functional currency RM'000	Other than functional currency RM'000	Total revenue RM'000
<b>For the financial period ended 31 December 2018</b>			
Transacted currency			
Ringgit Malaysia	<b>1,057,738</b>	-	<b>1,057,738</b>
United States Dollar	-	<b>594,225</b>	<b>594,225</b>
European Union Euro	-	<b>77</b>	<b>77</b>
	<b>1,057,738</b>	<b>594,302</b>	<b>1,652,040</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (i) Foreign currency exchange risk (continued)

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

	COMPANY		
	Functional currency RM'000	Other than functional currency RM'000	Total revenue RM'000
<b>For the financial year ended 30 June 2018</b>			
Transacted currency			
Ringgit Malaysia	3,084,334	-	3,084,334
United States Dollar	-	1,093,763	1,093,763
European Union Euro	-	713	713
	<u>3,084,334</u>	<u>1,094,476</u>	<u>4,178,810</u>

Where the transacted currencies differ from the Company's and subsidiaries' functional currency, the Group is exposed to currency translation 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 or 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. 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 of USD1,626.6 million (equivalent to RM6,756.8 million) (30 June 2018: USD1,639.0 million (equivalent to RM6,625.7 million)) are designated as a natural hedge against the net investment. The unrealised foreign currencies exchange losses of RM145.9 million (30 June 2018: unrealised foreign currencies exchange gains of RM374.2 million) in relation to the net investment hedge was adjusted to other comprehensive income. There was no ineffectiveness to be recorded from net investment in NBPOL group hedge.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)**

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

(i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows:

	GROUP				
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<b>31 December 2018</b>					
Investments at FVOCI					
- non-current	-	-	-	29,294	29,294
Trade and other receivables (net)					
- non-current	-	-	-	115,122	115,122
- current	181,475	2,336	84,146	1,449,373	1,717,330
Bank balances, deposits and cash	12,837	34,698	73,253	370,254	491,042
Amounts due from related parties	-	-	-	2,171	2,171
Derivatives assets	21,720	220	-	36,724	58,664
Long-term borrowings	(4,801,745)	-	-	(690,830)	(5,492,575)
Short-term borrowings	(1,062,507)	-	-	(741,832)	(1,804,339)
Dividend payables	-	-	-	(748,092)	(748,092)
Amounts due to related parties	-	-	-	(61,020)	(61,020)
Trade and other payables					
- non-current	-	-	-	(63,447)	(63,447)
- current	(34,778)	(147)	(396)	(1,423,999)	(1,459,320)
Derivatives liabilities	(2,417)	(117)	-	(18,664)	(21,198)
	<b>(5,685,415)</b>	<b>36,990</b>	<b>157,003</b>	<b>(1,744,946)</b>	<b>(7,236,368)</b>



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

- (i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	GROUP				Total RM'000
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	
<b>30 June 2018</b>					
Available-for-sale investments					
- non-current	-	-	-	28,090	28,090
Trade and other receivables (net)					
- non-current	-	-	-	109,340	109,340
- current	84,159	416	42,882	1,725,379	1,852,836
Bank balances, deposits and cash	13,503	400	2	349,333	363,238
Amounts due from related parties	-	-	-	2,559	2,559
Derivatives assets	53,510	45	94	3,577	57,226
Long-term borrowings	(4,397,767)	-	-	(997,437)	(5,395,204)
Short-term borrowings	(646,246)	-	-	(447,948)	(1,094,194)
Amounts due to related parties	-	-	-	(54,104)	(54,104)
Trade and other payables					
- non-current	739	-	(54,063)	(7,489)	(60,813)
- current	(14,053)	-	(78,715)	(1,485,901)	(1,578,669)
Derivatives liabilities	(17,466)	(29)	(70)	(6,937)	(24,502)
	(4,923,621)	832	(89,870)	(781,538)	(5,794,197)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)**

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

(i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	COMPANY				
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<b>31 December 2018</b>					
Investments at FVOCI					
- non-current	-	-	-	25,749	25,749
Trade and other receivables (net)	43,918	-	40,549	105,867	190,334
Bank balances, deposits and cash	20,447	85	-	45,160	65,692
Amounts due from related parties	-	-	-	2,903	2,903
Amounts due from subsidiaries					
- non-current	-	-	-	49,080	49,080
- current	1,253	157,347	14,408	349,973	522,981
Derivatives assets	18,536	-	-	2,324	20,860
Long-term borrowings	(4,292,526)	-	-	-	(4,292,526)
Short-term borrowings	(524,443)	-	-	(450,000)	(974,443)
Amounts due to related parties	-	-	-	(36,826)	(36,826)
Amounts due to subsidiaries					
- non-current	(504,707)	-	-	-	(504,707)
- current	(27,961)	-	(66,781)	(905,571)	(1,000,313)
Dividend payables	-	-	-	(748,092)	(748,092)
Trade and other payables					
- non-current	(75,524)	(58,262)	(6,081)	(72)	(139,939)
- current	(19,703)	(5,113)	(28,992)	(309,759)	(363,567)
Derivatives liabilities	(1)	-	-	(8,882)	(8,883)
	<b>(5,360,711)</b>	<b>94,057</b>	<b>(46,897)</b>	<b>(1,878,146)</b>	<b>(7,191,697)</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

- (i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	COMPANY				Total RM'000
	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	
<b>30 June 2018</b>					
Available-for-sale investments					
- non-current	-	-	-	26,588	26,588
Trade and other receivables (net)	46,892	-	27,174	204,517	278,583
Bank balances, deposits and cash	13,487	200	19	54,578	68,284
Amounts due from related parties	-	-	-	4,228	4,228
Amounts due from subsidiaries					
- non-current	-	-	-	56,679	56,679
- current	146,692	1,489	10,942	424,108	583,231
Derivatives assets	19,532	-	-	8,436	27,968
Long-term borrowings	(4,397,767)	-	-	-	(4,397,767)
Short-term borrowings	(449,728)	-	-	(70,000)	(519,728)
Amounts due to related parties	-	-	-	(31,454)	(31,454)
Amounts due to subsidiaries					
- non-current	(490,463)	-	-	-	(490,463)
- current	(27,667)	(77,612)	(62,066)	(925,892)	(1,093,237)
Trade and other payables					
- non-current	-	(55,814)	(5,991)	(164)	(61,969)
- current	(10,571)	(16)	(137)	(370,053)	(380,777)
Derivatives liabilities	-	-	-	(8,149)	(8,149)
	(5,149,593)	(131,753)	(30,059)	(626,578)	(5,937,983)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (i) Foreign currency exchange risk (continued)

The following table illustrates the effects of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 31 December 2018 and 30 June 2018, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at the end of the reporting period/year, the Group's and the Company's profit after tax will improve/(decline) by:

Major currency	GROUP				
	Strengthened against RM by	Net monetary item RM'000	Hedged RM'000	Impact on profit after tax	
				Before hedge RM'000	After hedge RM'000
<b>For the financial period ended 31 December 2018</b>					
United States Dollar					
- Assets	3%	216,032	322,704	6,481	(3,200)
- Liabilities	3%	(5,901,447)	(20,899)	(177,043)	(176,416)
European Union Euro					
- Assets	1%	37,254	9,765	373	275
- Liabilities	1%	(264)	-	(3)	(3)
<b>For the financial year ended 30 June 2018</b>					
United States Dollar					
- Assets	6%	151,172	546,315	9,070	(23,709)
- Liabilities	6%	(5,074,793)	(23,672)	(304,488)	(303,067)
European Union Euro					
- Assets	4%	861	7,730	34	(275)
- Liabilities	4%	(29)	-	(1)	(1)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (i) Foreign currency exchange risk (continued)

The following table illustrates the effects of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 31 December 2018 and 30 June 2018, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at the end of the reporting period/year, the Group's and the Company's profit after tax will improve/(decline) by: (continued)

Major currency	COMPANY				
	Strengthened against RM by	Net monetary item RM'000	Hedged RM'000	Impact on profit after tax	
				Before hedge RM'000	After hedge RM'000
<b>For the financial period ended 31 December 2018</b>					
United States Dollar					
- Assets	3%	84,154	-	2,525	2,525
- Liabilities	3%	(627,896)	-	(18,837)	(18,837)
European Union Euro					
- Assets	1%	157,432	-	1,574	1,574
- Liabilities	1%	(63,375)	-	(634)	(634)
<b>For the financial year ended 30 June 2018</b>					
United States Dollar					
- Assets	6%	226,603	66,088	13,596	9,631
- Liabilities	6%	(5,376,196)	(5,779)	(322,572)	(322,225)
European Union Euro					
- Assets	4%	1,689	-	68	68
- Liabilities	4%	(133,442)	-	(5,338)	(5,338)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (i) Foreign currency exchange risk (continued)

Net monetary items balances are higher than hedged as the Group and the Company do not hedge its foreign currency denominated bank balances, deposits and cash and amount due from subsidiaries.

A similar percentage decrease in the exchange rate would have an equal but opposite effect. Changes in exchange rate will also result in changes to the fair value of forward foreign exchange contracts used to hedge forecast transactions. No sensitivity is performed as the Group's exposure in those contracts is limited.

The table below illustrates the effects of changes in exchange rate on the translation of foreign operations' profit or loss. If the currency of foreign operations strengthened by the following percentage during the financial period/year and at the end of the reporting period, the Group's profit after tax and equity will improve/(decline) by:

Currency of foreign operations	GROUP		
	Profit after tax RM'000	Strengthened against RM by	Impact on profit after tax RM'000
<b>For the financial period ended 31 December 2018</b>			
Indonesian Rupiah	54,222	2%	1,084
United States Dollar	62,252	3%	1,868
<b>For the financial year ended 30 June 2018</b>			
Indonesian Rupiah	265,929	13%	34,571
United States Dollar	249,574	6%	14,974

A similar percentage decrease in the exchange rate would have an equal but opposite effect.

## (ii) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure which arises from certain of the Group's and the Company's borrowings is managed through the use of floating debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (ii) Interest rate risk (continued)

The percentages of fixed rate borrowings, both before and after taking into account the interest rate swap contracts, to the total borrowings at the end of the financial period/year are as follows:

	GROUP		COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
<b>Total borrowings</b>	<b>7,296,914</b>	6,489,398	<b>5,266,969</b>	4,917,495
Fixed rate borrowings	<b>984,274</b>	963,837	-	-
Floating rate borrowings (swapped to fixed)	<b>1,130,407</b>	1,257,470	<b>1,130,407</b>	1,257,470
<b>Total fixed rate after swaps</b>	<b>2,114,681</b>	2,221,307	<b>1,130,407</b>	1,257,470

Percentage of fixed rate borrowings over total borrowings:

	GROUP		COMPANY	
	31.12.2018 %	30.06.2018 %	31.12.2018 %	30.06.2018 %
- before swaps	<b>13</b>	15	-	-
- after swaps	<b>29</b>	34	<b>21</b>	26

As at 31 December 2018, all of the Group's and the Company's floating rate borrowings (after interest swap contracts) stood at RM5,182.2 million (30 June 2018: RM4,268.1 million) and RM4,136.6 million (30 June 2018: RM3,660.0 million) respectively. The following tables demonstrate the effects of changes in interest rate on floating rate borrowings. If the interest rate increased by 0.5% (30 June 2018: 1.0%), the Group's and the Company's profit after tax will be lower by:

	GROUP		COMPANY	
	Financial period ended	Financial year ended	Financial period ended	Financial year ended
	31.12.2018 RM'000	30.06.2018 RM'000	31.12.2018 RM'000	30.06.2018 RM'000
Profit after tax	<b>(25,911)</b>	(42,681)	<b>(20,683)</b>	(36,600)

A 0.5% (30 June 2018: 1.0%) decrease in interest rate would have an equal but opposite effect.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (ii) Interest rate risk (continued)

The following table demonstrates the effect of changes in interest rate on the fair value of the interest rate swap contracts which are designated as cash flow hedge. If the interest rate increased by 0.5% (30 June 2018: 1.0%), the Group's and the Company's hedging reserve will be higher by:

	GROUP/COMPANY	
	31.12.2018 RM'000	30.06.2018 RM'000
Hedging reserve	<b>11,115</b>	27,518

A 0.5% (30 June 2018: 1.0%) decrease in interest rate would have an equal but opposite effect.

## (iii) Credit risk

Credit risk arises on sales made on credit terms, derivatives with positive fair value and deposits with banks.

## (A) Risk management

The Group and the Company seek to control credit risk by dealing with customers and joint venture partners of appropriate credit history and transact and deposit with bank and financial institution with good credit ratings. Third party agencies' ratings are considered, if available. In addition, the customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Customers are assessed at least annually and more frequently when information on significant changes in the customers' financial position becomes known. Credit terms and limit are set based on the assessment. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to customers are usually suspended when earlier amounts are overdue exceeding 180 days.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (iii) Credit risk (continued)

##### (B) Collateral

The Group and the Company receive collateral at the end of the reporting period, summarised as follows:

	GROUP		COMPANY	
	Maximum exposure RM'000	Collateral and credit enhancement RM'000	Maximum exposure RM'000	Collateral and credit enhancement RM'000
<b>31 December 2018</b>				
Trade and other receivables (net)				
- non-current	115,122	-	-	-
- current	1,717,330	507,115	190,334	-
Amounts due from subsidiaries	-	-	572,061	-
Amounts due from related parties	2,171	-	2,904	-
Derivatives	58,664	-	20,860	-
Bank balances, deposits and cash	491,042	-	65,693	-
Guarantees in respect of credit facilities granted to:				
- a joint venture	6,443	-	6,443	-
- subsidiaries	-	-	1,167,211	-
- plasma stakeholders	45,165	-	-	-
	<b>2,435,937</b>	<b>507,115</b>	<b>2,025,506</b>	<b>-</b>
<b>30 June 2018</b>				
Trade and other receivables (net)				
- non-current	109,340	-	-	-
- current	1,852,836	454,203	278,583	5,520
Amounts due from subsidiaries	-	-	639,910	-
Amounts due from related parties	2,559	-	4,228	-
Derivatives	57,226	-	27,968	-
Bank balances, deposits and cash	363,238	-	68,284	-
Guarantees in respect of credit facilities granted to:				
- a joint venture	6,655	-	6,655	-
- subsidiaries	-	-	694,992	-
- plasma stakeholders	49,832	-	-	-
	<b>2,441,686</b>	<b>454,203</b>	<b>1,720,620</b>	<b>5,520</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (iii) Credit risk (continued)

## (C) Impairment of financial assets and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group and the Company have six types of financial instruments that are subject to the ECL model:

## Measurement of ECL - simplified approach

- Trade receivables
- Intercompany receivables (trade) - inclusive of amounts due from associates, joint ventures, subsidiaries and related parties

## Measurement of ECL - general 3-stage approach

- Intercompany receivables (non-trade) - inclusive of amounts due from subsidiaries
- Advances for plasma plantation projects
- Financial guarantee contracts issued
- Other receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

Reconciliation of loss allowance for trade and other receivables, intercompany receivables (trade), intercompany receivables (non-trade), advances from plasma plantation projects and financial guarantee contracts issued.

The reconciliation of the ending impairment allowance in accordance with MFRS 139 as at 30 June 2018 to the opening loss allowance as at 1 July 2018 and the reconciliation of the loss allowance for financial assets and financial guarantee contracts as at 31 December 2018 from the restated 1 July 2018 loss allowance.

	Note	GROUP							TOTAL RM'000
		Trade receivables RM'000	Amounts due from associates RM'000	Amounts due from joint ventures RM'000	Amounts due from related parties RM'000	Advances for plasma plantation projects RM'000	Financial guarantee contracts issued RM'000	Other receivables RM'000	
At 30 June 2018 - calculated under MFRS 139		29,422	618	12,500	-	20,315	-	1,134	63,989
Amounts restated through opening retained earnings		6,155	-	3,317	-	-	-	1,687	11,159
Opening loss allowance as at 1 July 2018 - calculated under MFRS 9		35,577	618	15,817	-	20,315	-	2,821	75,148
Charge for the financial period	6(e)	2,842	-	-	-	3,440	-	2,926	9,208
Write offs		97	-	-	-	-	-	-	97
Write backs		-	-	-	-	-	-	(698)	(698)
Reversal for the financial period	7	(5,904)	-	-	-	(315)	-	(1,594)	(7,813)
Exchange differences		487	-	906	-	26	-	4	1,423
At 31 December 2018		<b>33,099</b>	<b>618</b>	<b>16,723</b>	<b>-</b>	<b>23,466</b>	<b>-</b>	<b>3,459</b>	<b>77,365</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

The reconciliation of the ending impairment allowance in accordance with MFRS 139 as at 30 June 2018 to the opening loss allowance as at 1 July 2018 and the reconciliation of the loss allowance for financial assets and financial guarantee contracts as at 31 December 2018 from the restated 1 July 2018 loss allowance. (continued)

	COMPANY							TOTAL RM'000
	Trade receivables RM'000	Amounts due from associates RM'000	Amounts due from joint ventures RM'000	Amounts due from subsidiaries (trade) RM'000	Amounts due from subsidiaries (non-trade) RM'000	Financial guarantee contracts issued RM'000	Other receivables RM'000	
At 30 June 2018 - calculated under MFRS 139	3,545	618	12,500	-	290,344	-	349	307,356
Amounts restated through opening retained earnings	-	-	-	-	1,376	-	4,058	5,434
Opening loss allowance as at 1 July 2018 - calculated under MFRS 9	3,545	618	12,500	-	291,720	-	4,407	312,790
Charge for the financial period	301	-	2,413	-	11,795	-	10	14,519
At 31 December 2018	<b>3,846</b>	<b>618</b>	<b>14,913</b>	<b>-</b>	<b>303,515</b>	<b>-</b>	<b>4,417</b>	<b>327,309</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (iii) Credit risk (continued)

#### (C) Impairment of financial assets and financial guarantee contracts (continued)

A summary of the assumptions underpinning the Group's and the Company's ECL are as follows:

- Trade receivables using simplified approach

The ECL rates are based on 5-year historical credit losses experienced by the Group and the Company. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. However, based on the Group's and the Company's assessment, the ability to collect has minimal correlation with macroeconomic factors as these are consumers products. No significant changes to estimation techniques or assumptions were made during the reporting period.

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets:

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>31 December 2018</b>				
<u>Upstream</u>				
Local customers:				
Current	<b>165,676</b>	<b>0.0%</b>	-	<b>165,676</b>
Past due by:				
- 1 to 30 days	<b>57,362</b>	<b>0.0%</b>	(4)	<b>57,358</b>
- 31 to 60 days	<b>5,511</b>	<b>2.2%</b>	(123)	<b>5,388</b>
- 61 to 90 days	<b>826</b>	<b>2.4%</b>	(20)	<b>806</b>
- 91 to 180 days	<b>37</b>	<b>0.0%</b>	-	<b>37</b>
- 181 to 360 days	<b>23</b>	<b>0.0%</b>	-	<b>23</b>
- more than 360 days	<b>3,935</b>	<b>100.0%</b>	(3,935)	-
	<b>233,370</b>		<b>(4,082)</b>	<b>229,288</b>
Export customers:				
Current	<b>161,320</b>	<b>0.0%</b>	-	<b>161,320</b>
Past due by:				
- 1 to 30 days	<b>870</b>	<b>0.0%</b>	-	<b>870</b>
	<b>162,190</b>		-	<b>162,190</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>31 December 2018 (continued)</b>				
<u>Downstream</u>				
Local customers:				
Current	289,531	0.0%	-	289,531
Past due by:				
- 1 to 30 days	194,029	0.1%	(164)	193,865
- 31 to 60 days	52,227	0.0%	-	52,227
- 61 to 90 days	11,272	1.3%	(148)	11,124
- 91 to 180 days	8,256	9.2%	(758)	7,498
- 181 to 360 days	1,561	69.0%	(1,077)	484
- more than 360 days	8,782	97.7%	(8,580)	202
	<b>565,658</b>		<b>(10,727)</b>	<b>554,931</b>
Export customers:				
Current	323,647	0.0%	-	323,647
Past due by:				
- 1 to 30 days	51,560	0.0%	-	51,560
- 31 to 60 days	12,979	0.0%	-	12,979
- 61 to 90 days	5,300	0.0%	-	5,300
- 91 to 180 days	2,197	0.0%	-	2,197
- 181 to 360 days	2,602	0.0%	-	2,602
- more than 360 days	66,422	100.0%	(18,211)	48,211*
	<b>464,707</b>		<b>(18,211)</b>	<b>446,496</b>

\* The RM48.2 million relates to amounts due from Golden Hope-Nha Be Edible Oils Ltd. which was secured by a corporate guarantee as described in Note 34(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	GROUP			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>31 December 2018 (continued)</b>				
<u>Other Operations</u>				
Local customers:				
Current	-	0.0%	-	-
Past due by:				
- 1 to 30 days	1,737	0.0%	-	1,737
- 31 to 60 days	1,398	0.0%	-	1,398
- 61 to 90 days	1,341	0.0%	-	1,341
- 91 to 180 days	644	0.2%	(1)	643
- 181 to 360 days	135	0.7%	(1)	134
- more than 360 days	226	33.6%	(76)	150
	<b>5,481</b>		<b>(78)</b>	<b>5,403</b>
Export customers:				
Current	-	0.0%	-	-
Past due by:				
- 1 to 30 days	457	0.0%	-	457
- 31 to 60 days	28	0.0%	-	28
	<b>485</b>		<b>-</b>	<b>485</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	COMPANY			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>31 December 2018</b>				
<u>Upstream</u>				
Local customers:				
Current	763	0.0%	-	763
Past due by:				
- 1 to 30 days	8,354	0.0%	-	8,354
- 31 to 60 days	176	0.0%	-	176
- 61 to 90 days	31	0.0%	-	31
- 91 to 180 days	37	0.0%	-	37
- 181 to 360 days	15	0.0%	-	15
- more than 360 days	793	100.0%	(793)	-
	<b>10,169</b>		<b>(793)</b>	<b>9,376</b>
Export customers:				
Current	-	0.0%	-	-
Past due by:				
- 1 to 30 days	860	0.0%	-	860
	<b>860</b>		<b>-</b>	<b>860</b>



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

	COMPANY			
	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>31 December 2018 (continued)</b>				
<u>Downstream</u>				
Local customers:				
Current	65,266	0.0%	-	65,266
Past due by:				
- 1 to 30 days	45,204	0.0%	-	45,204
- 31 to 60 days	2,883	0.0%	-	2,883
- 61 to 90 days	408	0.0%	-	408
- 91 to 180 days	62	0.0%	-	62
- 181 to 360 days	96	0.0%	-	96
- more than 360 days	367	100.0%	(367)	-
	<b>114,286</b>		<b>(367)</b>	<b>113,919</b>
Export customers:				
Current	11,854	0.0%	-	11,854
Past due by:				
- 1 to 30 days	3,544	0.0%	-	3,544
- 31 to 60 days	222	0.0%	-	222
- more than 360 days	2,686	100.0%	(2,686)	-
	<b>18,306</b>		<b>(2,686)</b>	<b>15,620</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (iii) Credit risk (continued)

## (C) Impairment of financial assets and financial guarantee contracts (continued)

- Intercompany receivables (trade) - inclusive of amounts due from associates, joint ventures, subsidiaries and related parties using simplified approach

Intercompany receivables (trade) represent amounts outstanding arising from sales of goods.

In arriving at loss allowance, the same assumptions as trade receivables have been applied. As a result, management was of the view that adequate loss allowance has been recognised as at the date of reporting.

- Intercompany receivables (non-trade) - inclusive of amounts due from subsidiaries using general 3-stage approach

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the performance of the subsidiaries regularly.

Management has assessed the loss allowance for amount due from subsidiaries individually taking into consideration of the financial position and the plans in place for the respective subsidiaries. As at this reporting date, management is of the view that adequate loss allowance has been recognised.

- Advances for plasma plantation projects using general 3-stage approach

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

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

- Financial guarantee contracts using general 3-stage approach

The Group is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' and plasma stakeholders' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures or plasma stakeholders. Management has reviewed the financial position of the joint ventures and plasma stakeholders as at the reporting date and was of the view that the financial guarantee contracts are unlikely to be called by the lenders.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' and subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures and subsidiaries. Historically, the Group has not defaulted in any borrowings and with the stringent monitoring over the treasury process, management is of the view that the financial guarantee contracts are unlikely to be called by the joint ventures' and subsidiaries' lenders.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (iii) Credit risk (continued)

#### (C) Impairment of financial assets and financial guarantee contracts (continued)

- Other receivables using general 3-stage approach

The Group's and the Company's other receivables are amounting to RM251.8 million and RM15.6 million respectively. Management has assessed the other receivables individually and determined that the majority of the other receivables were fully recoverable and adequate loss allowance has been recognised.

#### Previous accounting policy for financial assets

As permitted under MFRS 9, comparatives are presented in accordance with MFRS 139.

- Advances for plasma plantation projects (non-current)

	Note	GROUP 30.06.2018 RM'000
Gross		
At 1 July 2017		106,451
Additions		40,160
Write off		(22)
Recovered		(142)
Transfers to property, plant and equipment	16	(956)
Transfers to non-current assets held for sale		(2,108)
Exchange differences		(13,728)
At 30 June 2018	29	<u>129,655</u>
Accumulated impairment losses		
At 1 July 2017		(23,649)
Charge for the financial year	6(e)	(1,248)
Reversals for the financial year	7	1,928
Transfers to non-current assets held for sale		376
Exchange differences		2,278
At 30 June 2018	29	<u>(20,315)</u>
Net book value at 30 June 2018	29	<u>109,340</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

Previous accounting policy for financial assets (continued)

- Redeemable loan stocks (unsecured)

	Note	GROUP 30.06.2018 RM'000
Nominal value		500,000
Discount on inception		(334,000)
Sale and transfer during the financial year		(166,000)
		-
Accretion of discount:		
At 1 July 2017		159,645
Accretion during the financial year	9	7,599
Sale and transfer during the financial year		(167,244)
At 30 June 2018		-
Net book value at 30 June 2018		-

- Trade and other receivables (current)

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

	GROUP 30.06.2018 RM'000	COMPANY 30.06.2018 RM'000
Not impaired		
Not past due	779,754	120,192
Past due by:		
- 1 to 30 days	780,622	123,057
- 31 to 60 days	57,702	2,140
- 61 to 90 days	40,708	1,106
- 91 to 180 days	118,616	27,710
- more than 181 days	75,434	4,378
Impaired	43,674	17,012
	1,896,510	295,595

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

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

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

Previous accounting policy for receivables (continued)

- Trade and other receivables (current) (continued)

The ageing analysis of individually impaired receivables are as follows:

	<b>GROUP</b> <b>30.06.2018</b> <b>RM'000</b>	<b>COMPANY</b> <b>30.06.2018</b> <b>RM'000</b>
Past due by:		
- 1 to 30 days	278	-
- 31 to 60 days	43	-
- 61 to 90 days	30	-
- 91 to 180 days	656	177
- more than 181 days	42,667	16,835
	<u>43,674</u>	<u>17,012</u>

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

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

	<b>Note</b>	<b>GROUP</b> <b>30.06.2018</b> <b>RM'000</b>	<b>COMPANY</b> <b>30.06.2018</b> <b>RM'000</b>
At 1 July 2017		45,337	3,906
Charge for the financial year	6(e)	14,504	13,106
Write offs		(292)	-
Reversal for the financial year	7	(3,404)	-
Exchange differences		(12,471)	-
At 30 June 2018		<u>43,674</u>	<u>17,012</u>
Impairment arising from:			
- individual assessment		<u>43,674</u>	<u>17,012</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

(iii) Credit risk (continued)

(C) Impairment of financial assets and financial guarantee contracts (continued)

Previous accounting policy for receivables (continued)

- Amounts due from subsidiaries (current)

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

	<b>COMPANY 30.06.2018 RM'000</b>
Amounts due from subsidiaries (Gross)	873,575
Accumulated impairment losses	(290,344)
Amounts due from subsidiaries (Net)	<u>583,231</u>

Movements of impairment losses of amounts due from subsidiaries are as follows:

	<b>Note</b>	<b>COMPANY 30.06.2018 RM'000</b>
At 1 July 2017		231,217
Charge for the financial year	6(e)	61,658
Reversal for the financial year	7	(2,531)
At 30 June 2018		<u>290,344</u>

During financial year ended 30 June 2018, the impairment charge of RM61.7 million recorded in the Company's profit or loss was mainly attributed to RM23.8 million impairment charged on amounts due from Sime Darby Oils Netherlands B.V. (fka Sime Darby Netherlands) on the back of full impairment of its associate, Verdezyne, Inc. (see Note 23) and its investment in Biosynthetic (see Note 25(b)(ii)).

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (iv) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to these risks arise primarily from the mismatch of maturities of financial assets and liabilities. To mitigate these risks to an acceptable level, the Group maintains sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group maintains centralised treasury functions where all strategic funding requirements are managed.

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities are as follows:

	GROUP					
	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Above 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
<b>31 December 2018</b>						
Trade and other payables	1,413,162	-	-	62,664	1,475,826	1,475,826
Borrowings						
- principal	1,804,339	3,664,114	1,307,517	520,944	7,296,914	7,296,914
- interest	-	16,589	45,085	97,457	159,131	45,470
Dividend payable	748,092	-	-	-	748,092	748,092
Amounts due to related parties	61,020	-	-	-	61,020	61,020
Lease liabilities	34,939	38,539	52,476	172,352	298,306	192,555
Derivatives						
- gross settled	1,133,733	-	-	-	1,133,733	21,198
	<b>5,195,285</b>	<b>3,719,242</b>	<b>1,405,078</b>	<b>853,417</b>	<b>11,173,022</b>	<b>9,841,075</b>
<b>30 June 2018</b>						
Trade and other payables	1,529,351	14	136	59,622	1,589,123	1,589,123
Borrowings						
- principal	1,094,194	3,506,698	1,409,722	478,784	6,489,398	6,489,398
- interest	183,241	162,644	86,904	132,956	565,745	48,597
Amounts due to related parties	54,104	-	-	-	54,104	54,104
Finance lease obligations	1,405	1,405	4,215	10,537	17,562	13,425
Derivatives						
- gross settled	1,607,225	-	-	-	1,607,225	24,502
	<b>4,469,520</b>	<b>3,670,761</b>	<b>1,500,977</b>	<b>681,899</b>	<b>10,323,157</b>	<b>8,219,149</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial risk management objectives and policies (continued)**

## (iv) Liquidity and cash flow risks (continued)

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities are as follows: (continued)

	COMPANY					
	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Above 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
<b>31 December 2018</b>						
Trade and other payables	313,656	-	-	-	313,656	313,656
Borrowings						
- principal	974,443	3,610,588	681,938	-	5,266,969	5,266,969
- interest	168,483	86,993	15,516	-	270,992	22,594
Intra-group payables	1,000,313	-	-	504,707	1,505,020	1,505,020
Lease liabilities	2,491	1,247	2,565	7,553	13,856	9,397
Dividend payable	748,092	-	-	-	748,092	748,092
Derivatives						
- gross settled	8,883	-	-	-	8,883	8,883
	<b>3,216,361</b>	<b>3,698,828</b>	<b>700,019</b>	<b>512,260</b>	<b>8,127,468</b>	<b>7,874,611</b>
<b>30 June 2018</b>						
Trade and other payables	353,007	-	-	-	353,007	353,007
Borrowings						
- principal	519,728	3,513,444	884,323	-	4,917,495	4,917,495
- interest	151,982	131,577	25,362	-	308,921	21,787
Intra-group payables	1,124,691	-	-	490,463	1,615,154	1,615,154
Derivatives						
- gross settled	305,869	-	-	-	305,869	8,149
	<b>2,455,277</b>	<b>3,645,021</b>	<b>909,685</b>	<b>490,463</b>	<b>7,500,446</b>	<b>6,915,592</b>

As at 31 December 2018, the Group's and the Company's maximum potential liabilities under financial guarantee contracts amounted to RM51.6 million and RM1,173.7 million respectively (30 June 2018: RM56.5 million and RM701.6 million respectively). Financial guarantee contracts are assumed to be immediately payable on demand.



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (v) Price risk

The Group and the Company are largely exposed to commodity price risk due to fluctuations in crude palm oil and other palm products futures prices.

The Group and the Company enter into commodity futures contracts to minimise exposure to adverse movements in crude palm oil and other palm products prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's and the Company's expected purchase, sale or usage requirements. Contracts that are not held for the purpose of physical delivery are accounted for as derivatives and are disclosed in Note 32(b).

	Maturity period Months	Tonnage Tonnes	Average contract price per tonne RM
<b>GROUP - 31 December 2018</b>			
Sale contracts	Less than 12	129,516	2,992
Purchase contracts	Less than 12	103,834	2,466
<b>GROUP - 30 June 2018</b>			
Sale contracts	Less than 12	96,749	3,108
Purchase contracts	Less than 12	116,737	2,431
<b>COMPANY - 31 December 2018</b>			
Sale contracts	Less than 12	750	1,862
Purchase contracts	Less than 12	64,100	2,232
<b>COMPANY - 30 June 2018</b>			
Sale contracts	Less than 12	22,600	2,436
Purchase contracts	Less than 12	90,375	2,394

### (d) Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- (i) Level 1 - Quoted prices in active markets for identical assets or liabilities;
- (ii) Level 2 - Valuation inputs (other than level 1 input) that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 - Valuation inputs that are not based on observable market data.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(d) Financial instruments measured at fair value (continued)**

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting date based on the three different levels as defined above:

	GROUP			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2018</b>				
<b>Financial assets</b>				
Investments at FVOCI	-	3,545	25,749	29,294
Derivatives				
- commodities futures contracts	574	31,277	-	31,851
- forward foreign exchange contracts	-	8,277	-	8,277
- interest rate swap contracts	-	18,536	-	18,536
	<b>574</b>	<b>61,635</b>	<b>25,749</b>	<b>87,958</b>
<b>Financial liabilities</b>				
Derivatives				
- commodities futures contracts	(8,882)	(8,214)	-	(17,096)
- forward foreign exchange contracts	-	(4,102)	-	(4,102)
	<b>(8,882)</b>	<b>(12,316)</b>	-	<b>(21,198)</b>
<b>30 June 2018</b>				
<b>Financial assets</b>				
Available-for-sale investments	-	1,502	26,588	28,090
Derivatives				
- commodities futures contracts	-	19,993	-	19,993
- forward foreign exchange contracts	-	12,510	-	12,510
- interest rate swap contracts	-	24,723	-	24,723
	-	58,728	26,588	85,316
<b>Financial liabilities</b>				
Derivatives				
- commodities futures contracts	-	(8,506)	-	(8,506)
- forward foreign exchange contracts	-	(15,996)	-	(15,996)
	-	(24,502)	-	(24,502)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Financial instruments measured at fair value (continued)

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting date based on the three different levels as defined above: (continued)

	COMPANY			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2018</b>				
<b>Financial assets</b>				
Investments at FVOCI	-	-	25,749	25,749
Derivatives				
- commodities futures contracts	574	1,750	-	2,324
- interest rate swap contracts	-	18,536	-	18,536
	<b>574</b>	<b>20,286</b>	<b>25,749</b>	<b>46,610</b>
<b>Financial liabilities</b>				
Derivatives				
- commodities futures contracts	(8,882)	-	-	(8,882)
- forward foreign exchange contracts	-	(1)	-	(1)
	<b>(8,882)</b>	<b>(1)</b>	<b>-</b>	<b>(8,883)</b>
<b>30 June 2018</b>				
<b>Financial assets</b>				
Available-for-sale investments	-	-	26,588	26,588
Derivatives				
- commodities futures contracts	-	3,049	-	3,049
- forward foreign exchange contracts	-	196	-	196
- interest rate swap contracts	-	24,723	-	24,723
	<b>-</b>	<b>27,968</b>	<b>26,588</b>	<b>54,556</b>
<b>Financial liabilities</b>				
Derivatives				
- commodities futures contracts	-	(5,888)	-	(5,888)
- forward foreign exchange contracts	-	(2,261)	-	(2,261)
	<b>-</b>	<b>(8,149)</b>	<b>-</b>	<b>(8,149)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**50. FINANCIAL INSTRUMENTS (CONTINUED)****(d) Financial instruments measured at fair value (continued)**

If quoted market prices in active markets are available, these are considered Level 1. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of derivatives are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

**(e) Financial instruments measured at amortised costs**

The carrying amounts and fair values of non-current financial assets and liabilities are measured at amortised cost.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- (i) Short-term financial instruments  
The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.
- (ii) Long-term financial instruments  
The fair value of the Group's long-term financial instruments is estimated by discounting the future contractual cash flows at the current market rate available to the Group for similar instruments.

**51. CAPITAL MANAGEMENT****(a) Capital management objectives**

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholder value. This is achieved through reviewing and managing its equity, debt (including funds received from the immediate holding company) and cash. Equity attributable to equity holders of the Company includes share capital, reserves and retained earnings.

The Group seeks to achieve optimal capital structure taking into account returns expected by shareholders, cost of debts, capital expenditure, investment opportunities, projected cash flows and externally imposed financial covenants. The Group has consistently paid out around 50% to 70% of its annual profit attributable to equity holders of the Company as dividends and reinvests the rest. Whilst the current practice provides a reasonable balance between expansion and cash dividends, the Group may adjust the dividend payout, equity levels and debt levels to achieve the optimal capital structure.

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 51. CAPITAL MANAGEMENT (CONTINUED)

### (a) Capital management objectives (continued)

#### (i) Rating by External Rating Agencies

The Company and its capital market programmes are rated by both local and international rating agencies:

Rating Agency	Company/Programme	Rating as at	Rating
Fitch Ratings	Company and the USD1.5 billion Multi-currency Sukuk Programme	15.11.2018	BBB+
Moody's Investors Service	Company and the USD1.5 billion Multi-currency Sukuk Programme	18.10.2018	Baa1
Malaysian Rating Corporation Berhad	RM3.0 billion Perpetual Subordinated Sukuk Programme (Perpetual Sukuk)	14.09.2018	AAis

#### (ii) Gearing ratio and interest cover

Gearing ratio and interest cover are some of the ratios used in capital management. Gearing ratio is calculated as gross debt divided by total equity. Gross debt is calculated as the total of borrowings and amount due to a subsidiary (including "current and non-current" as shown in the Company's statements of financial position). Interest cover is calculated as profit/(loss) before interest and tax excluding impairment on investments in subsidiaries and associates divided by finance costs.

The ratios are as follows:

	GROUP		COMPANY	
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
Gearing ratio (%)	46.3	39.8	51.0	43.0
Interest cover (times)	4.4	13.1	0.4	13.8

### (b) Externally imposed financial covenants and capital structure

In addition to optimising capital structure and complying with externally imposed financial covenants, the Group is also required to comply with statutory requirements in certain countries where the Group operates. This includes minimum capital requirement and the requirement to maintain legal reserves which are non-distributable.

The Group was in compliance with externally imposed financial covenants and capital requirements for the financial period ended 31 December 2018 and the financial year ended 30 June 2018.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16**

The adoption of MFRS 9 “Financial Instruments” and the early adoption of MFRS 16 “Leases” have resulted in changes in the Group’s accounting policies. The effect arising from these changes on the statements of financial position of the Group and of the Company are as follow:

	Note	GROUP			As at 01.07.2018 RM'000
		As at 30.06.2018 RM'000	Effects on adoption of		
			MFRS 9 RM'000	MFRS 16 RM'000	
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	16	17,742,040	-	(1,462,354)	16,279,686
Prepaid lease rentals	19	528,890	-	(528,890)	-
Right-of-use assets	20	-	-	2,177,612	2,177,612
Available-for-sale investments	25	28,090	(28,090)	-	-
Investments at fair value through other comprehensive income (“FVOCI”)	26	-	28,090	-	28,090
Deferred tax assets	27	518,896	1,417	-	520,313
<b>CURRENT ASSETS</b>					
Trade and other receivables		2,301,441	(11,159)	(255)	2,290,027
Non-current assets held for sale		218,964	-	1,544	220,508
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	27	2,497,457	(1,467)	-	2,495,990
Finance lease obligations		12,602	-	(12,602)	-
Lease liabilities		-	-	187,328	187,328
<b>CURRENT LIABILITIES</b>					
Finance lease obligations		823	-	(823)	-
Lease liabilities		-	-	12,210	12,210
Liabilities associated with non-current assets held for sale		45,993	-	1,544	47,537
<b>EQUITY</b>					
Available for sale reserve	36	25,569	(25,569)	-	-
Investments at FVOCI reserve	36	-	25,569	-	25,569
Retained earnings	36	12,058,846	(8,275)	-	12,050,571

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16 (CONTINUED)

The adoption of MFRS 9 “Financial Instruments” and the early adoption of MFRS 16 “Leases” have resulted in changes in the Group’s accounting policies. The effect arising from these changes on the statements of financial position of the Group and of the Company are as follow: (continued)

	Note	COMPANY			As at 01.07.2018 RM’000
		As at 30.06.2018 RM’000	Effects on adoption of		
			MFRS 9 RM’000	MFRS 16 RM’000	
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	16	8,032,186	-	(279,965)	7,752,221
Right-of-use assets	20	-	-	290,371	290,371
Available-for-sale investments	25	26,588	(26,588)	-	-
Investments at fair value through other comprehensive income (“FVOCI”)	26	-	26,588	-	26,588
<b>CURRENT ASSETS</b>					
Trade and other receivables		306,864	(4,058)	-	302,806
Amounts due from subsidiaries		583,231	(1,376)	-	581,855
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	27	704,379	(975)	-	703,404
Lease liabilities		-	-	8,388	8,388
<b>CURRENT LIABILITIES</b>					
Lease liabilities		-	-	2,018	2,018
<b>EQUITY</b>					
Available for sale reserve	36	25,483	(25,483)	-	-
Investments at FVOCI reserve	36	-	25,483	-	25,483
Retained earnings	36	9,080,993	(4,459)	-	9,076,534

### MFRS 9 “Financial Instruments”

As disclosed in Note 2(a)(i), the Group and the Company have adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position. The main changes are as follows:

#### (a) Classification and measurement

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The following are the changes in the classification of the Group’s and of the Company’s financial assets:

- Trade and other receivables, amounts due from subsidiaries, amounts due from related parties, bank balances, deposits and cash previously classified as loans and receivables at amortised cost are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortised cost - debt instruments.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16 (CONTINUED)**MFRS 9 “Financial Instruments” (continued)

As disclosed in Note 2(a)(i), the Group and the Company have adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position. The main changes are as follows: (continued)

**(a) Classification and measurement (continued)**

- Equity investments in unquoted shares previously classified as available-for-sale financial assets are now classified and measured as investments at FVOCI - equity instruments. The Group and the Company elected to classify irrevocably its equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

As a result of the change in classification for equity investments in unquoted shares, the carrying amounts of RM28.1 million and RM26.6 million respectively of the Group and of the Company as at 30 June 2018 were redesignated as investments at FVOCI as at 1 July 2018.

There are no changes in classification and measurement for the Group's and for the Company's financial liabilities.

The measurement category and the carrying amount of financial assets and liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original MFRS 139	New MFRS 9	Original MFRS 139 RM'000	Reclassification RM'000	Remeasurement RM'000	New MFRS 9 RM'000
<b>GROUP</b>						
Loans and receivables at amortised cost:						
<b>Non-current</b>						
Trade and other receivables			109,340	-	-	109,340
Borrowings			(5,395,204)	-	-	(5,395,204)
Other payables			(59,772)	-	-	(59,772)
<b>Current</b>						
Trade and other receivables	Loan and receivables	Amortised cost	1,852,836	-	(11,159)	1,841,677
Amount due from related parties			2,559	-	-	2,559
Bank balances, deposits and cash			363,238	-	-	363,238
Borrowings			(1,094,194)	-	-	(1,094,194)
Trade and other payables			(1,577,948)	-	-	(1,577,948)
Amount due to related parties			(54,104)	-	-	(54,104)



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16 (CONTINUED)

### MFRS 9 "Financial Instruments" (continued)

As disclosed in Note 2(a)(i), the Group and the Company have adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position. The main changes are as follows: (continued)

#### (a) Classification and measurement (continued)

The measurement category and the carrying amount of financial assets and liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows: (continued)

	Measurement category		Carrying amount			
	Original MFRS 139	New MFRS 9	Original MFRS 139 RM'000	Reclassification RM'000	Remeasurement RM'000	New MFRS 9 RM'000
<b>GROUP (continued)</b>						
Financial guarantee contract	Financial guarantee contract	Financial guarantee contract				
Non-current			(1,041)	-	-	(1,041)
Current			(721)	-	-	(721)
Available-for-sale financial assets						
Available-for-sale investments	Available-for-sale	FVOCI	28,090	(28,090)	-	-
Investments at FVOCI			-	28,090	-	28,090
Fair value through profit or loss - non hedging derivative						
Derivatives assets	FVTPL	FVTPL	27,611	-	-	27,611
Derivatives liabilities			(13,075)	-	-	(13,075)
Derivatives used for hedging						
Derivatives assets - current	FVTPL	FVTPL	29,615	-	-	29,615
Derivatives liabilities - current			(11,427)	-	-	(11,427)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16 (CONTINUED)**MFRS 9 “Financial Instruments” (continued)

As disclosed in Note 2(a)(i), the Group and the Company have adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position. The main changes are as follows: (continued)

**(a) Classification and measurement (continued)**

The measurement category and the carrying amount of financial assets and liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows: (continued)

	Measurement category		Carrying amount			
	Original MFRS 139	New MFRS 9	Original MFRS 139 RM'000	Reclassification RM'000	Remeasurement RM'000	New MFRS 9 RM'000

**COMPANY**

Loans and receivables  
at amortised cost:

Non-current

Amounts due from  
subsidiaries

56,679 - - 56,679

Borrowings

(4,397,767) - - (4,397,767)

Amount due to a  
subsidiary

(490,463) - - (490,463)

Current

Trade and other  
receivables

278,583 - (4,058) 274,525

Amounts due from  
related parties

4,228 - - 4,228

Amounts due from  
subsidiaries

583,231 - (1,375) 581,856

Bank balances,  
deposits and cash

68,284 - - 68,284

Borrowings

(519,728) - - (519,728)

Trade and other  
payables

(374,794) - - (374,794)

Amount due to  
subsidiaries

(1,093,237) - - (1,093,237)

Amount due to  
related parties

(31,454) - - (31,454)

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

## 52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16 (CONTINUED)

### MFRS 9 “Financial Instruments” (continued)

As disclosed in Note 2(a)(i), the Group and the Company have adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position. The main changes are as follows: (continued)

#### (a) Classification and measurement (continued)

The measurement category and the carrying amount of financial assets and liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows: (continued)

	Measurement category		Carrying amount			
	Original MFRS 139	New MFRS 9	Original MFRS 139 RM'000	Reclassification RM'000	Remeasurement RM'000	New MFRS 9 RM'000
<b>COMPANY</b>						
<b>(continued)</b>						
Financial guarantee contract	Financial guarantee contract	Financial guarantee contract				
Non-current			(61,969)	-	-	(61,969)
Current			(5,983)	-	-	(5,983)
Available-for-sale financial assets						
Available-for-sale investments	Available-for-sale	FVOCI	26,588	(26,588)	-	-
Investment at FVOCI			-	26,588	-	26,588
Fair value through profit or loss - held for trading						
Derivatives asset	FVTPL	FVTPL	3,049	-	-	3,049
Derivatives liability			(7,163)	-	-	(7,163)
Derivatives used for hedging						
Derivatives asset	FVTPL	FVTPL	24,919	-	-	24,919
Derivatives liability			(986)	-	-	(986)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**52. EFFECT ON ADOPTION OF MFRS 9 AND MFRS 16 (CONTINUED)****(b) Impairment**

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing the incurred loss approach under MFRS 139 with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Upon the adoption of MFRS 9, the Group and the Company recognised additional impairment of RM11.2 million and RM5.4 million respectively on the receivables, which resulted in a decrease in retained earnings of RM8.3 million and RM4.5 million respectively as at 1 July 2018.

The reconciliation of the ending impairment allowances in accordance with MFRS 139 to the opening loss allowances determined in accordance with MFRS 9 is shown in Note 50(c)(iii).

MFRS 16 "Leases"

Upon adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had been previously been recognised as "operating leases" under the principles of MFRS 117 "Leases".

Reconciliation for the differences between operating lease commitments disclosed as at 30 June 2018 and lease liabilities recognised at the date of initial application of 1 July 2018 are as follow:

	Total RM'000
<b>GROUP</b>	
Operating lease commitments as disclosed at 30 June 2018	256,463
Effects from discounting at the incremental borrowing rate between 1.60% to 8.51%	(66,556)
Add:	
Lease liabilities additionally recognised based on the initial application of MFRS 16	43,030
Transfer from finance lease obligations upon initial application of MFRS 16	13,425
Less:	
Short-term leases recognised on a straight-line basis as expense	(33,057)
Leases of low value assets recognised on a straight-line basis as expense	(57)
Contracts reassessed as service agreements	(12,166)
Transfer to liabilities directly associated with non-current assets held for sale	(1,544)
Lease liabilities recognised as at 1 July 2018	<u>199,538</u>
<b>COMPANY</b>	
Operating lease commitments as disclosed at 30 June 2018	45,188
Effects from discontinuing at the incremental borrowing rate between 4.40% to 6.48%	(614)
Add:	
Liabilities additionally recognised based on the initial application of MFRS 16	7,655
Less:	
Short-term leases recognised on a straight-line basis as expense	(32,990)
Contracts reassessed as service agreements	(8,833)
Lease liabilities recognised as at 1 July 2018	<u>10,406</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(i) Subsidiaries which are active as at 31 December 2018 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Chartquest Sdn Bhd	Malaysia	<b>61.1</b>	61.1	1	Cultivation of oil palm
Chermang Development (Malaya) Sdn Bhd	Malaysia	<b>83.9</b>	83.9	1	Investment holding
Consolidated Plantations Berhad	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Golden Hope Overseas Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Guthrie Industries Malaysia Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Guthrie International Investments (L) Ltd	Labuan, Malaysia	<b>100.0</b>	100.0	1	Investment holding
Kumpulan Jelei Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Mostyn Palm Processing Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sanguine (Malaysia) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm
Sime Darby Agri-Bio Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Manufacturing and marketing of rat baits and trading of agricultural related products
Sime Darby Austral Holdings Berhad	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sime Darby Oils Bintulu Sdn Bhd (formerly known as Sime Darby Austral Sdn Bhd)	Malaysia	<b>60.0</b>	60.0	1	Processing of palm oil and palm kernel oil
Sime Darby Oils Biodiesel Sdn Bhd (formerly known as Sime Darby Biodiesel Sdn Bhd)	Malaysia	<b>100.0</b>	100.0	1	Production and sale of biodiesel and related products
Sime Darby Biotech Laboratories Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Provision of oil palm tissue culture services

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Sime Darby Consulting Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sime Darby Foods & Beverages Marketing Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Distribution and marketing of cooking oil, tocotrienols, coconut oil and palm related products
Sime Darby Oils Trading Sdn Bhd (formerly known as Sime Darby Futures Trading Sdn Bhd)	Malaysia	<b>100.0</b>	100.0	1	Trading of crude palm oil and palm oil products and as marketing agent of commodities for its related companies
Sime Darby Global Berhad	Malaysia	<b>100.0</b>	100.0	1	Special purpose vehicle for the issue of securities programme
Sime Darby Oils Trading (Labuan) Limited (formerly known as Sime Darby Global Trading (Labuan) Limited)	Labuan, Malaysia	<b>100.0</b>	100.0	1	Trading of commodities
Sime Darby Oils Pasir Gudang Sdn Bhd (formerly known as Sime Darby Kempas Sdn Bhd)	Malaysia	<b>100.0</b>	100.0	1	Processing of edible oil and related products
Sime Darby Latex Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment property activity
Sime Darby Plantation (Sabah) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation (Sarawak) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation Childcare Centre Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Operating childcare services to employees
Sime Darby Plantation Intellectual Property Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Acquiring, developing and investing in trademarks, patents and intellectual property rights
Sime Darby Plantation Thailand Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Sime Darby Research Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Research and development services to group companies in relation to tropical agriculture
Sime Darby Seeds & Agricultural Services Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Agricultural research and advisory services, production and sale of oil palm seeds and seedlings
Sime Darby Technology Centre Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Research and development services in biotechnology and agriculture
The China Engineers (Malaysia) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Wangsa Mujur Sdn Bhd	Malaysia	<b>72.5</b>	72.5	1	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Intipersada	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Sawit Lestari	Indonesia	<b>100.0</b>	100.0	2	Production and sale of oil palm planting materials
PT Anugerah Sumbermakmur	Indonesia	<b>100.0</b>	100.0	2	Investment holding
PT Asricipta Indah	Indonesia	<b>90.0</b>	90.0	2	Investment holding
PT Bahari Gembira Ria	Indonesia	<b>99.97</b>	99.3	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bersama Sejahtera Sakti	Indonesia	<b>91.1</b>	91.1	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bhumireksa Nusasejati	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
PT Bina Sains Cemerlang	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Budidaya Agro Lestari	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm
PT Sime Darby Oils Pulau Laut Refinery (formerly known as PT Golden Hope Nusantara)	Indonesia	<b>100.0</b>	100.0	2	Processing of palm oil products
PT Guthrie Pecconina Indonesia	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Indo Sukses Lestari Makmur	Indonesia	<b>95.0</b>	95.0	2	Development of rubber plantation
PT Indotruba Tengah	Indonesia	<b>50.0</b>	50.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Kartika Inti Perkasa	Indonesia	<b>60.0</b>	60.0	2	Investment holding
PT Kridatama Lancar	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Ladangrumpun Suburabadi	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Laguna Mandiri	Indonesia	<b>88.6</b>	88.6	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
PT Lahan Tani Sakti	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Langgeng Muaramakmur	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
PT Minamas Gemilang	Indonesia	<b>100.0</b>	100.0	2	Investment holding
PT Mitra Austral Sejahtera	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Muda Perkasa Sakti	Indonesia	<b>100.0</b>	100.0	2	Investment holding
PT Padang Palma Permai	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Paripurna Swakarsa	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Perkasa Subur Sakti	Indonesia	<b>100.0</b>	100.0	2	Processing of palm oil and palm kernel
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm
PT Sajang Heulang	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sandika Natapalma	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sime Agri Bio	Indonesia	<b>100.0</b>	100.0	2	Trading of agricultural related products
PT Sime Indo Agro	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sritijaya Abaditama	Indonesia	<b>60.0</b>	60.0	2	Investment holding
PT Swadaya Andika	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tamaco Graha Krida	Indonesia	<b>90.0</b>	90.0	2	Cultivation of oil palm and processing of palm oil and palm kernel

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
PT Tamiyang Sumber Rezeki	Indonesia	<b>90.0</b>	90.0	3	Cultivation of oil palm
PT Teguh Sempurna	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tunggal Mitra Plantations	Indonesia	<b>60.0</b>	60.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Timbang Deli Indonesia	Indonesia	<b>49.0</b>	49.0	2	Oil palm seed production and cultivation of rubber
Kula Palm Oil Limited	Papua New Guinea	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Palm Oil Limited	Papua New Guinea	<b>100.0</b>	100.0	2	Investment holding, cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Poliamba Limited	Papua New Guinea	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Ramu Agri-Industries Limited	Papua New Guinea	<b>100.0</b>	100.0	2	Cultivation of oil palm and growing canes, cattle rearing, processing and sale of palm oil, palm kernel oil, sugar, ethanol and beef
Markham Farming Company Limited	Papua New Guinea	<b>100.0</b>	-	2	Cultivation of oil palm and processing of palm oil, palm kernel, palm kernel oil and coconut
Guadalcanal Plains Palm Oil Limited	Solomon Islands	<b>80.0</b>	80.0	3	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
New Britain Plantation Services Pte. Ltd.	Singapore	100.0	100.0	2	Investment holding and management of oil palm plantations and seed production
Ultra Oleum Pte. Ltd.	Singapore	100.0	100.0	2	Investment holding
Verdant Bioscience Pte. Ltd.	Singapore	52.0	52.0	2	Agriculture science and research
Sime Darby Oils Liverpool Refinery Limited (formerly known as New Britain Oils Limited)	United Kingdom	100.0	100.0	2	Processing of edible oil and related products
Sime Darby Oils International Limited (formerly known as Sime Darby Edible Products Limited)	Singapore	100.0	100.0	2	Marketing of edible oils and palm oil related products
Sime Darby Plantation Europe Ltd.	Singapore	100.0	100.0	2	Investment holding
Sime Darby Plantation Investment (Liberia) Private Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby China Oils And Fats Company Limited	Hong Kong SAR	100.0	100.0	2	Investment holding
Sime Darby Hong Kong Nominees Limited	Hong Kong SAR	100.0	100.0	2	Investment holding
Industrial Enterprises Co., Ltd.	Thailand	99.9	99.9	2	Processing of soya bean oil and related products
Morakot Industries Public Company Limited	Thailand	99.9	99.9	2	Processing and marketing of edible oil and related products
Sime-Morakot Holdings (Thailand) Limited	Thailand	100.0	100.0	2	Investment holding
The China Engineers (Thailand) Limited	Thailand	99.9	99.9	2	Investment holding
Sime Darby International Investments Limited	Cayman Islands	100.0	100.0	4	Investment holding
Sime Darby Plantation Holdings (Asia Pacific)	Cayman Islands	100.0	100.0	4	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Sime Darby Plantation Holdings (Cayman Islands)	Cayman Islands	<b>100.0</b>	100.0	4	Investment holding
Golden Hope-Nha Be Edible Oils Co Ltd	Vietnam	-	51.0	2	Processing and marketing of edible oil and related products
Sime Darby Plantation (Liberia) Inc.	Liberia	<b>100.0</b>	100.0	2	Cultivation of oil palm and rubber and processing of palm oil and palm kernel
Golden Hope Overseas Capital	Mauritius	<b>100.0</b>	100.0	2	Investment holding
Mulligan International B.V.	Netherlands	<b>100.0</b>	100.0	2	Investment holding
Sime Darby Oils Netherlands B.V. (formerly known as Sime Darby Netherlands B.V.)	Netherlands	<b>100.0</b>	100.0	2	Investment holding
Sime Darby Oils Zwijndrecht Refinery B.V. (formerly known as Sime Darby Unimills B.V.)	Netherlands	<b>100.0</b>	100.0	2	Processing and marketing of edible oil and related products
Sime Darby Oils South Africa (Pty) Ltd. (formerly known as Sime Darby Hudson And Knight (Pty) Limited)	South Africa	<b>100.0</b>	100.0	3	Processing and marketing of edible oils and related edible oils products

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(ii) Joint venture which are active as at 31 December 2018 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Emery Oleochemicals (M) Sdn Bhd	Malaysia	<b>50.0</b>	50.0	3	Investment holding, production and sale of fatty acids, fatty alcohols, refined glycerine, oilfield chemicals, ozone acids, plastic additives, methyl esters and other oleochemical derivatives
Emery Specialty Chemicals Sdn Bhd	Malaysia	<b>50.0</b>	50.0	3	Investment holding
Mybiomass Sdn Bhd	Malaysia	<b>30.0</b>	30.0	3	Develop and pioneer high value green chemicals biorefinery
Sime Darby TNBES Renewable Energy Sdn Bhd	Malaysia	<b>51.0+</b>	51.0+	1	Production and sale of renewable energy using palm oil effluents
Guangzhou Keylink Chemicals Co., Ltd.	China	<b>49.0</b>	49.0	3	Manufacturing of surface active agents
Rizhao Sime Darby Oils & Fats Co. Ltd.	China	<b>45.0</b>	45.0	2	Storage and marketing of palm oil related products

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(iii) Associates which are active as at 31 December 2018 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Barlow Bulking Sdn Bhd	Malaysia	<b>32.0</b>	32.0	3	Provision of bulking and marketing facilities for edible oil producers and millers
Nescaya Maluri Sdn Bhd	Malaysia	<b>40.0</b>	40.0	3	Investment holding and licensing
Muang Mai Guthrie Public Company Limited	Thailand	<b>49.0</b>	49.0	3	Processing of rubber
Thai Eastern Trat Co., Ltd.	Thailand	<b>40.0</b>	40.0	2	Processing of palm oil and palm kernel
Yayasan Sime Darby	Malaysia	<b>@</b>	@	1	Administration of scholarship awards and educational loans, undertake sports, environmental conservation and sustainability projects

NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

### 53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(iv) Subsidiaries which are dormant/inactive as at 31 December 2018 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Kwang Joo Seng (Malaysia) Private Limited	Singapore	100.0	100.0	2	Dormant
Derawan Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
Kumpulan Jerai Sendirian Bhd	Malaysia	100.0	100.0	1	Dormant
Kumpulan Linggi Sendirian Bhd	Malaysia	100.0	100.0	1	Dormant
Kumpulan Sua Betong Sendirian Bhd	Malaysia	100.0	100.0	1	Dormant
Kumpulan Tebong Sendirian Bhd	Malaysia	100.0	100.0	1	Dormant
Kumpulan Temiang Sendirian Bhd	Malaysia	100.0	100.0	1	Dormant
Sahua Enterprise Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
Sime Darby Beverages Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
Sime Darby Bukit Talang Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
Sime Darby Edible Products India Private Limited	India	100.0	100.0	2	Dormant
Sime Darby Oils & Fats Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
Sime Darby Plantation IT Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	100.0	100.0	1	Dormant
PT Guthrie Abdinusa Industri	Indonesia	70.0	70.0	2	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(iv) Subsidiaries which are dormant/inactive as at 31 December 2018 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
PT Sime Darby Commodities Trading	Indonesia	<b>100.0</b>	100.0	2	Dormant
Golden Hope-Nhabe (Cambodia) Import & Export Co Ltd	Cambodia	-	51.0	4	Dormant
Sime Darby CleanerG B.V.	Netherlands	<b>100.0</b>	100.0	4	Dormant
Sime Darby Oils Europe B.V.	Netherlands	<b>100.0</b>	100.0	4	Dormant
Sime Darby Edible Products Tanzania Limited	Tanzania	<b>100.0</b>	100.0	4	Dormant
Trolak Estates Limited	Scotland	<b>100.0</b>	100.0	3	Dormant
Dusun Durian Plantations Limited	United Kingdom	<b>100.0</b>	100.0	3	Dormant
Kinta Kellas Rubber Estate Plc.	United Kingdom	<b>100.0</b>	100.0	3	Dormant
Malaysian Estates Plc.	United Kingdom	<b>100.0</b>	100.0	3	Dormant
The Kuala Selangor Rubber Plc.	United Kingdom	<b>100.0</b>	100.0	3	Dormant
The London Asiatic Rubber and Produce Company Limited	United Kingdom	<b>100.0</b>	100.0	3	Dormant
The Pataling Rubber Estates Limited	United Kingdom	<b>100.0</b>	100.0	3	Dormant
The Straits Plantations Limited	United Kingdom	<b>100.0</b>	100.0	3	Dormant
The Sungei Bahru Rubber Estates Plc.	United Kingdom	<b>100.0</b>	100.0	3	Dormant



NOTES TO THE FINANCIAL STATEMENTS  
For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(v) Subsidiaries placed under members' voluntary liquidation/deregistered during the financial period are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Eminent Platform Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Golden Hope Agrotech Consultancy Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Golden Hope Fruit Industries Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Nature Ambience Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Sime Darby Bioganic Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Sime Darby Julau Plantation Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Vertical Drive Sdn Bhd	Malaysia	<b>100.0</b>	100.0	4	In members' voluntary liquidation
Sime Darby Plantation Cameroon Ltd.	Cameroon	<b>100.0</b>	100.0	4	In members' voluntary liquidation

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2018

**53. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(vi) Associates placed under members' voluntary liquidation/deregistered during the financial period are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		31.12.2018	30.06.2018		
Verdezyne, Inc.	United States of America	<b>43.5</b>	43.5	3	In members' voluntary liquidation

Notes:

1. Subsidiaries and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
  2. Subsidiaries and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
  3. Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
  4. No legal requirement to appoint statutory auditors.
- + Notwithstanding that the Group holds more than 50% equity interest in Sime Darby TNBES Renewable Energy Sdn Bhd, the investment is classified as a joint venture (and not a subsidiary) as significant decisions require unanimous consent from all its shareholders.
- @ Yayasan Sime Darby is a company without share capital, limited by guarantee.

**54. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 5 April 2019.

**STATEMENT BY DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dato' A. Ghani Othman and Tan Sri Dato' Seri Mohd Bakke Salleh, two of the Directors of Sime Darby Plantation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 112 to 320 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and of the financial performance of the Group and the Company for the financial period ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the Board of Directors dated 5 April 2019.



TAN SRI DATO' A. GHANI OTHMAN  
DIRECTOR



TAN SRI DATO' SERI MOHD BAKKE SALLEH  
DIRECTOR

Selangor  
5 April 2019

**STATUTORY DECLARATION**

Pursuant to Section 251(1) of the Companies Act 2016

I, Renaka Ramachandran, the Officer primarily responsible for the financial management of Sime Darby Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 112 to 320 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.



RENAKA RAMACHANDRAN  
OFFICER

Subscribed and solemnly declared by the abovenamed Renaka Ramachandran at Selangor, Malaysia on 5 April 2019.

Before me,



COMMISSIONER FOR OATHS

**B-1-08, Blok B, Oasis Square,  
Ara Damansara, Jalan PJU 1A/7A,  
47301 Petaling Jaya, Selangor.**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SIME DARBY PLANTATION BERHAD  
(Incorporated in Malaysia)  
(Company No. 647766 V)



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Sime Darby Plantation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 112 to 320.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industries in which the Group and the Company operate.

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PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 02.01.2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY PLANTATION BERHAD  
(Incorporated in Malaysia)  
(Company No. 647766 V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><u>Impairment of the Group's property, plant and equipment ("PPE") in Sime Darby Plantation (Liberia) Inc ("SDP Liberia") and the Company's cost of investment in SDP Liberia</u></p> <p>Refer to Notes 4, 6(e), 16(d)(i) and 21 to the financial statements.</p> <p>As at 31 December 2018, the carrying amount (net of impairment) of the Group's PPE which consist of oil palm estates and a palm oil mill in Liberia amounted to RM242.8 million and the carrying amount (net of impairment) of the Company's cost of investment in SDP Liberia amounted to RM242.8 million.</p> <p>The Group had injected additional funds into SDP Liberia as deemed equity for the purposes of supporting the Liberia operations as SDP Liberia did not meet its operating targets due to lower Crude Palm Oil ("CPO") and Palm Kernel Oil prices and incurred higher operating cost which lead to higher losses as compared to the forecast. These were identified as indicators for an impairment test to be performed for the Group's PPE and the Company's cost of investment in relation to its Liberia operations.</p> <p>Management's assessment on the recoverable amounts of the Group's PPE and the Company's cost of investment in SDP Liberia was determined using the fair value less costs of disposal ("FVLCTS") based on an income approach performed by external valuers, CBRE CH Williams Sdn Bhd. As at 31 December 2018, the key assumptions applied during the 30 June 2018 impairment assessment were re-evaluated and updated by management with the assistance of the external valuer and approved by the Directors.</p> <p>We focused on the recoverability of the carrying amount of the Group's PPE and the Company's cost of investment in SDP Liberia due to the significant estimates involved in determining the key assumptions used in deriving the recoverable amounts principally CPO selling prices, Fresh Fruit Bunch ("FFB") yields, operating costs and the discount rates.</p> <p>Based on management's assessment, impairment losses of RM14.5 million and RM49.6 million were recorded on the Group's PPE in SDP Liberia and the Company's cost of investment in SDP Liberia as at 31 December 2018 respectively, as stated in Notes 16(d)(i) and 21 to the financial statements.</p>	<p>We have assessed the objectivity, capability and competency of the external valuer appointed by the Group by considering the valuer's professional background, reputation, experience in similar industries and held discussions with the valuer. We confirmed that the external valuer is independent and neither affiliated nor a related party of the Group.</p> <p>We have assessed the recoverable amount of the oil palm mill and oil palm estates (collectively known as "plantation assets") based on the fair value less costs to sell (FVLCTS). The key assumptions of the previous financial year was updated by management with external valuer's assistance to determine the FVLCTS of the plantation assets as at 31 December 2018.</p> <p>We evaluated the reasonableness of the key assumptions used in the cash flow projections by comparing CPO selling price, FFB yields and operating costs to historical results, forecasted commodity prices and industry data where appropriate.</p> <p>We involved our valuation experts to assess the discount rate used in determining the recoverable amounts of the Group's PPE and the Company's cost of investment in SDP Liberia. The valuation methodology, evaluated in the previous financial year by our valuation experts remains appropriate and had been used by the external valuers in determining the FVLCTS.</p> <p>We assessed the appropriateness of sensitivity analysis performed by management, including the disclosures, on a reasonable possible change in the key assumptions and the corresponding effect on the respective recoverable amounts by observing the re-performance of the sensitivity analysis by the external valuer.</p> <p>Based on the above procedures, we did not note any material exception to management's impairment assessment on the Group's PPE in SDP Liberia and the Company's cost of investment in SDP Liberia as at 31 December 2018.</p>

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY PLANTATION BERHAD  
(Incorporated in Malaysia)  
(Company No. 647766 V)



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><u>Recoverability of the Group's carrying amount of goodwill in New Britain Palm Oil Limited ("NBPOL")</u></p> <p>Refer to Notes 4 and 24(i) to the financial statements.</p> <p>The intangible assets of the Group's consolidated financial statements include goodwill of RM2,147.6 million which arose from the acquisition of NBPOL group during the financial year ended 30 June 2015. The goodwill was partly allocated to PT Minamas Gemilang and its subsidiaries ("Minamas Group") cash generating units ("CGUs") as Minamas Group operations are expected to benefit from the synergies of the acquisition of NBPOL.</p> <p>In accordance with the Group's policy, the Group determine whether goodwill is impaired on an annual basis.</p> <p>Management performed impairment assessments of the two CGUs based on value-in-use ("VIU") determined using the discounted cash flow models, which was approved by the Directors. A range of sensitivity analysis was also performed by management.</p> <p>We focused on the recoverability of the carrying amount of goodwill in NBPOL due to the significant amount and significant estimates involved in determining the key assumptions used in deriving the recoverable amounts of the CGUs, i.e. projection period, FFB yields, CPO selling prices and the discount rates as disclosed in Note 24(i).</p> <p>Based on management's assessments, no impairment was required as the recoverable amounts exceeded the carrying amount of goodwill in NBPOL as at 31 December 2018.</p>	<p>We evaluated the reasonableness of the key assumptions used by management in the approved cash flow projections by comparing the FFB yields and CPO selling prices to historical results, forecasted commodity prices and industry data where appropriate. We had also agreed the projection period to the lease terms for the respective CGUs.</p> <p>We assessed the reliability of management's cash flow projections by comparing their previous years' forecasted results against past trends of actual results. We checked that management has also updated the cash flow projections with the updated historical results.</p> <p>We involved our valuation experts to assess the discount rates used in determining the recoverable amounts of the respective CGUs.</p> <p>We assessed the appropriateness of sensitivity analysis performed by management, including the disclosures of a reasonable possible change in the key assumptions and the corresponding effect on the respective recoverable amounts by re-performing the sensitivity analysis.</p> <p>Based on the above procedures, we did not note any material exception to management's assessment on the recoverability of the Group's carrying amount of goodwill in NBPOL as at 31 December 2018.</p>



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY PLANTATION BERHAD  
(Incorporated in Malaysia)  
(Company No. 647766 V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report, which we obtained prior to the date of this auditors' report, and the remaining 31 December 2018 Annual Report of Sime Darby Plantation Berhad, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY PLANTATION BERHAD  
(Incorporated in Malaysia)  
(Company No. 647766 V)



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditors' responsibilities for the audit of the financial statements (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 53 to the financial statements.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

LOH LAY CHOON  
02497/03/2020 J  
Chartered Accountant

Kuala Lumpur  
5 April 2019



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth Annual General Meeting (AGM) of Sime Darby Plantation Berhad (SDP or Company) will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 23 May 2019 at 10.00 a.m. for the following businesses:

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.  
*Refer to Explanatory Note 1*
2. To approve the payment of Directors' remuneration to the Non-Executive Directors as disclosed in the Audited Financial Statements for the financial period ended 31 December 2018.  
*Refer to Explanatory Note 2* **(Resolution 1)**
3. To approve the payment of benefits payable to the Non-Executive Directors based on the remuneration structure as disclosed in Explanatory Note 2 from 24 May 2019 until the next AGM of the Company to be held in 2020.  
*Refer to Explanatory Note 2* **(Resolution 2)**
4. To re-elect Dato' Henry Sackville Barlow who was appointed during the year and retires pursuant to Rule 81.2 of the Constitution of the Company and who being eligible, offers himself for re-election.  
*Refer to Explanatory Note 3* **(Resolution 3)**
5. To re-elect the following Directors who retire pursuant to Rule 103 of the Constitution of the Company and who being eligible, offer themselves for re-election:
  - (i) Tan Sri Datuk Dr Yusof Basiran **(Resolution 4)**
  - (ii) Datuk Zaiton Mohd Hassan **(Resolution 5)**
  - (iii) Dato' Mohd Nizam Zainordin **(Resolution 6)**
  - (iv) Dato' Mohamad Nasir Ab Latif **(Resolution 7)***Refer to Explanatory Note 3*
6. To appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to determine their remuneration.  
*Refer to Explanatory Note 4* **(Resolution 8)**

## NOTICE OF ANNUAL GENERAL MEETING

**AS SPECIAL BUSINESS**

7. To consider and, if thought fit, pass the following Ordinary Resolution:

**Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT, in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act, 2016 (CA 2016), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant government and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature, as set out in Section 2.3 of the Circular to Shareholders dated 24 April 2019 uploaded together with the 2018 Annual Report, which are entered into in the ordinary course of business which are necessary for the day-to-day operations of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company (Mandate);

THAT the Mandate is subject to annual renewal and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM the Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of CA 2016, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of CA 2016); or
- (iii) the Mandate is revoked or varied by ordinary resolution passed by shareholders in a general meeting of the Company,

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

*Refer to Explanatory Note 5*

**(Resolution 9)**

## NOTICE OF ANNUAL GENERAL MEETING

8. **Allotment and Issuance of New Ordinary Shares in the Company (SDP Shares) in relation to the Dividend Reinvestment Plan that provides Shareholders of the Company with an Option to Elect to Reinvest their Cash Dividend in New SDP Shares (DRP)**

“THAT pursuant to the DRP approved by the Shareholders at the Extraordinary General Meeting held on 21 November 2018, approval be and is hereby given to the Company to allot and issue such number of new SDP Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting (AGM), upon such terms and conditions and to such persons as the Directors of the Company may, in their sole and absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said new SDP Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) market days volume weighted average market price (VWAMP) of SDP Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of SDP Shares and that such authority to allot and issue SDP Shares shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the DRP, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) including amendments, modifications, suspension and termination of the DRP as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities.”

*Refer to Explanatory Note 6*

**(Resolution 10)**

9. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this Sixteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 63 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 10 May 2019. Only a depositor whose name appears on the Record of Depositors as at 10 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

**By Order of the Board**



**Norzilah Megawati Abdul Rahman** (LS0009247)

Company Secretary



**Mazlina Mohd Zain** (LS0008287)

Company Secretary

Selangor Darul Ehsan, Malaysia  
24 April 2019

## NOTICE OF ANNUAL GENERAL MEETING

**NOTES:****Proxy and/or Authorised Representative**

1. A member of the Company entitled to attend and vote at the Sixteenth Annual General Meeting (AGM) is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Sixteenth AGM on his/her behalf. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a member of the Company.
2. A member of the Company may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
3. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Sixteenth AGM of the Company shall be put to vote by way of a poll.
4. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
5. Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised, or in any other manner authorised by the Constitution of the Company. Any alteration to the instrument appointing a proxy must be initialled.
7. The appointment of proxy(ies) may be made in a hardcopy form or by electronic means as follows:

- (i) In Hardcopy Form

The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Wednesday, 22 May 2019 at 10.00 a.m.

- (ii) By Tricor Online System (TIIH Online)

The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online (applicable to individual shareholder only). The website to access TIIH Online is <https://tiih.online> (Kindly refer to the Annexure to the Proxy Form - Electronic Lodgement of Proxy Form for General Meeting).

## NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes****1. Audited Financial Statements for the Financial Period Ended 31 December 2018**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of Companies Act, 2016 (CA 2016) for discussion only. The Audited Financial Statements do not require shareholders' approval and as such, will not be put forward for voting.

**2. Directors' Remuneration - Fees and Benefits Payable to the Non-Executive Directors**

Rule 82.1 of the Constitution of the Company provides that the fees and benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting. Pursuant to Section 230 of CA 2016, fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The fees and benefits payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting. There was no increase in the quantum of fees and benefits payable to Directors in the financial period ended 31 December 2018. In this respect, the Board agreed that shareholders' approval be sought on the Directors' remuneration in two (2) separate resolutions as follows:

**(i) Resolution 1 - Payment of Directors' Remuneration to the Non-Executive Directors for the Financial Period Ended 31 December 2018**

Please refer to page 162 of the Notes to the Financial Statements for the amount of Directors' Remuneration at the Sime Darby Plantation Berhad (SDP) and the Group levels, to be approved at the Sixteenth Annual General Meeting (AGM) comprising fees and benefits amounting to RM2.261 million. The remuneration of each Director is set out in the Corporate Governance Overview Statement on page 81 of the Company's 2018 Annual Report.

**(ii) Resolution 2 - Payment of Directors' Benefits Payable to the Non-Executive Directors from 24 May 2019 until the next AGM of the Company to be held in 2020**

The benefits payable to the Non-Executive Directors (NED) comprise allowances and other emoluments payable to the Chairman and members of the Board.

The Company is seeking shareholders' approval for benefits payable to the NEDs from 24 May 2019 until the next AGM to be held in 2020 in accordance with the benefits structure set out below, as and when incurred:

Description	Company	Amount
Meeting Allowance	• Sime Darby Oils Zwijndrecht Refinery B.V. <i>(formerly known as Sime Darby Unimills B.V.)</i>	€800 per meeting
	• Sime Darby Oils South Africa (Pty) Ltd <i>(formerly known as Sime Darby Hudson &amp; Knight (Pty) Ltd)</i>	ZAR800 per meeting
	• Sime Darby Oils Liverpool Refinery Limited <i>(formerly known as New Britain Oils Limited)</i>	£200 per meeting
	• PT Minamas Gemilang/PT Anugerah Sumbermakmur (i) Board of Commissioners (BOC) (ii) BOC Committee	RM1,000 per day RM1,000 per day
Other Benefits	• Company car, petrol and driver for Non-Executive Chairman • Telecommunication devices/facilities, medical and insurance coverage	

## NOTICE OF ANNUAL GENERAL MEETING

**3. Resolutions 3 to 7 - Re-election of Directors Pursuant to Rule 81.2 and Rule 103 of the Constitution**

- (i) Rule 81.2 of the Constitution stipulates that a Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board, shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election at such meeting.

Dato' Henry Sackville Barlow who was appointed during the financial year ending 31 December 2019, being eligible, has offered himself for re-election at the Sixteenth AGM pursuant to Rule 81.2 of the Constitution of the Company.

- (ii) Rule 103 of the Constitution expressly states that at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A Director retiring at a general meeting shall retain office until the conclusion of the meeting. In addition, Rule 104 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Tan Sri Datuk Dr Yusof Basiran, Datuk Zaiton Mohd Hassan, Dato' Mohd Nizam Zainordin and Dato' Mohamad Nasir Ab Latif being eligible, have offered themselves for re-election at the Sixteenth AGM pursuant to Rule 104 of the Constitution.

The Board recommends the re-election of the above Directors standing for re-election. Justifications on the appointment of Dato' Henry Sackville Barlow pursuant to Rule 81.2 of the Constitution and the key contributions of the Directors seeking re-election pursuant to Rule 103 of the Constitution are set out in the Nomination & Remuneration Committee (NRC) Report on pages 92 to 94 of the Company's 2018 Annual Report. All Directors standing for re-election have abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant NRC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

**4. Resolution 8 - Re-appointment of Auditors**

The Governance & Audit Committee (GAC), at its meeting held on 23 May 2018, approved the adoption of an assessment methodology to appraise the performance, suitability, objectivity and independence of the external auditors, PricewaterhouseCoopers PLT (PwC). The GAC, at its meeting held on 2 April 2019, undertook an annual assessment of the suitability and independence of the external auditors, PwC, in accordance with the policy on External Auditor Appointment & Selection. The GAC considered the following factors in its assessment:

- (i) Governance and independency;
- (ii) Communication of audit planning/audit strategy, and communication of audit findings/audit finalisation and completion with the GAC; and
- (iii) Quality of services and resources of the firm, processes and the audit team, and fees.

The GAC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources provided by PwC to the SDP Group as prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The GAC was also satisfied in its review that the provision of non-audit services by PwC to the Group and the Company for the financial period ended 31 December 2018 did not in any way impair their objectivity and independence as the external auditors of the Company.

The Board had, at its meeting held on 5 April 2019, approved the GAC's recommendation that shareholders' approval be sought at the Sixteenth AGM on the appointment of PwC as the external auditors of the Company for the financial year ending 31 December 2019, as set out under Resolution 8. The present external auditors, PwC, have indicated their willingness to continue their services for the financial year ending 31 December 2019.

## NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes on Special Business****5. Resolution 9 - Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Resolution 9, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Renewal of Shareholders' Mandate is set out in Section 2.3 of the Circular to Shareholders dated 24 April 2019 published on the Company's website together with the Notice of Annual General Meeting and the 2018 Annual Report of the Company.

**6. Resolution 10 - Allotment and Issuance of New Ordinary Shares in the Company (SDP Shares) in relation to the Dividend Reinvestment Plan that provides Shareholders of the Company with an Option to Elect to Reinvest their Cash Dividend in New SDP Shares (DRP)**

The proposed Resolution 10, if passed, will give authority to the Directors of the Company to allot and issue new SDP Shares pursuant to the DRP, and such authority shall expire at the conclusion of the next AGM of the Company.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors who are standing for re-election as enumerated in Resolutions 3 to 7 above at the Sixteenth AGM of Sime Darby Plantation Berhad are set out in the "Our Board of Directors" section on pages 64 to 69 of the Company's 2018 Annual Report.

The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on page 114 of the Company's 2018 Annual Report.

## ANALYSIS OF SHAREHOLDINGS

As at 2 April 2019

<b>Total Number of Issued Shares</b>	:	6,884,575,283 ordinary shares
<b>Class of Shares</b>	:	Ordinary shares
<b>Voting Rights</b>	:	One vote per ordinary share in the case of a poll and one vote per person on a show of hand

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,639	10.30	68,144	0.00
100 to 1,000	6,130	23.93	3,692,099	0.06
1,001 to 10,000	12,414	48.47	40,949,554	0.59
10,001 to 100,000	3,466	13.53	96,597,000	1.40
100,001 to less than 5% of issued shares	962	3.76	2,869,327,240	41.68
5% and above of issued shares	2	0.01	3,873,941,246	56.27
<b>Total</b>	<b>25,613</b>	<b>100.00</b>	<b>6,884,575,283</b>	<b>100.00</b>

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	20,884	81.54	131,927,714	1.92
Banks/Finance Companies	84	0.33	4,419,831,339	64.19
Investment Trusts/Foundations/ Charities	16	0.06	517,622	0.01
Industrial and Commercial Companies	570	2.22	134,990,344	1.96
Government Agencies/Institutions	3	0.01	1,185,890	0.02
Nominees	4,054	15.83	2,196,017,099	31.90
Others	2	0.01	105,275	0.00
<b>Total</b>	<b>25,613</b>	<b>100.00</b>	<b>6,884,575,283</b>	<b>100.00</b>

### Directors' Direct and Indirect Interests in the Company and its Related Corporations

As disclosed in the Directors' Report of the Financial Statements as set out on page 114, none of the Directors of the Company has any interest, direct or indirect, in shares, or debentures of, the Company or its related corporations.



## ANALYSIS OF SHAREHOLDINGS

As at 2 April 2019

## TOP 30 SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	% of Issued Shares
1.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	3,005,678,436	43.66
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	868,262,810	12.61
3.	Kumpulan Wang Persaraan (Diperbadankan)	314,207,878	4.56
4.	Permodalan Nasional Berhad	297,657,611	4.32
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	167,373,103	2.43
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	162,621,454	2.36
7.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	102,041,237	1.48
8.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	66,650,437	0.97
9.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	62,682,549	0.91
10.	Urusharta Jamaah Sdn Bhd	59,363,900	0.86
11.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	56,804,679	0.83
12.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	56,688,428	0.83
13.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	55,367,044	0.81
14.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	53,609,700	0.78
15.	Valuecap Sdn Bhd	50,941,900	0.74
16.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	46,574,227	0.68
17.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	45,000,000	0.65
18.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	40,462,700	0.59

## ANALYSIS OF SHAREHOLDINGS

As at 2 April 2019

No.	Name of Shareholder	No. of Shares Held	% of Issued Shares
19.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	33,346,216	0.48
20.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	32,590,376	0.47
21.	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	26,380,004	0.38
22.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	25,917,863	0.38
23.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	24,537,661	0.36
24.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Flexshares Morningstar Global Upstream Natural Resources Index Fund	21,646,800	0.31
25.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	21,608,303	0.31
26.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	18,844,187	0.27
27.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	18,620,800	0.27
28.	Citigroup Nominees (Asing) Sdn Bhd CBHK for Kuwait Investment Authority (FUND 208)	16,147,700	0.23
29.	Citigroup Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	15,537,602	0.23
30.	Pertubuhan Keselamatan Sosial	14,395,465	0.21
<b>TOTAL</b>		<b>5,781,561,070</b>	<b>83.97</b>

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Shares
1.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	3,005,678,436	43.66	-	-
2.	Employees Provident Fund Board	873,287,610	12.69	89,446,421	1.30

## ADDITIONAL COMPLIANCE INFORMATION

Information pertaining to Sime Darby Plantation Berhad (SDP or Company) and Group for the financial period under review is as follows:

### UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There was no proceed raised from corporate proposals during the financial period ended 31 December 2018.

### AUDIT AND NON-AUDIT FEES

- (i) The amount of audit fees paid or payable to the external auditors, Messrs PricewaterhouseCoopers PLT (PwC), for services rendered to the Group and the Company for the financial period ended 31 December 2018 amounted to RM8.97 million and RM1.56 million, respectively.
- (ii) The amount of non-audit fees paid or payable to the external auditors, PwC, and their affiliated companies for services rendered to the Group and the Company for the financial period ended 31 December 2018 amounted to RM1.59 million and RM0.15 million, respectively.

### MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving interests of Directors and Major Shareholders since the end of the previous financial year of 30 June 2018.

### CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involving interests of Directors and Major Shareholders during the financial period ended 31 December 2018.

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Fifteenth Annual General Meeting (AGM) held on 21 November 2018, the Company obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into by the Company and/or its subsidiaries (RRPT Mandate).

The RRPT Mandate is valid until the conclusion of the forthcoming Sixteenth AGM of the Company to be held on 23 May 2019.

The Company proposes to seek a renewal of the existing RRPT Mandate at its forthcoming Sixteenth AGM. The renewal of the existing RRPT Mandate, if approved by the shareholders, will be valid until the conclusion of the Company's next AGM. Details of the RRPT Mandate being sought are provided in the Circular to Shareholders dated 24 April 2019 uploaded together with the Annual Report.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial period ended 31 December 2018 by the Company and/or its subsidiaries were as follows:

## ADDITIONAL COMPLIANCE INFORMATION

Company	Transacting Party	Nature of Transaction	Value of Transaction RM' million
<b>Transactions with Subsidiaries of Sime Darby Berhad (SDB)</b>			
SDP	Kumpulan Sime Darby Berhad (KSDB)	Leaseback of the Malaysia Vision Valley (MVV) Land 1 from KSDB to SDP for the SDP Group to carry out planting/replanting, maintenance of oil palm, harvesting and selling of fresh fruit bunches (FFB) for 3,560 hectares of Labu and New Labu Estates located at Mukim Labu, Seremban, Negeri Sembilan for a term of three (3) years from 30 June 2017  The rental expenses are payable on a monthly basis	3.4
SDP	Sime Darby Malaysia Berhad (SDMB)	Grant of a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide, solely in the course of or in connection with SDP's business via the Trademark and Brand License Agreement by SDMB to SDP	2.0
SDP and Group	Sime Darby Global Services Centre Sdn Bhd	Receipt of centralised operational support, i.e. payroll, accounting and information technology processing, and other administration services	32.6
SDP and its following subsidiaries:  <ul style="list-style-type: none"> <li>• Sime Darby Plantation (Sabah) Sdn Bhd (SDP Sabah)</li> <li>• Sime Darby Plantation (Sarawak) Sdn Bhd (SDP Sarawak)</li> <li>• Sime Darby Research Sdn Bhd (SD Research)</li> <li>• Sime Darby Seeds &amp; Agricultural Services Sdn Bhd (SD SAS)</li> <li>• Sime Darby Agri-Bio Sdn Bhd</li> <li>• Sime Darby Technology Centre Sdn Bhd (SD TC)</li> <li>• The China Engineers (Malaysia) Sdn Bhd (TCM)</li> <li>• Wangsa Mujur Sdn Bhd (WMSB)</li> </ul>	<ul style="list-style-type: none"> <li>• Sime Darby Auto ConneXion Sdn Bhd</li> <li>• Sime Darby Auto Hyundai Sdn Bhd</li> </ul>	Purchase of motor vehicles and charges for vehicle maintenance services on an ad hoc basis	1.6

## ADDITIONAL COMPLIANCE INFORMATION

Company	Transacting Party	Nature of Transaction	Value of Transaction RM' million
SDP and its following subsidiaries:  <ul style="list-style-type: none"> <li>• SDP Sabah</li> <li>• SDP Sarawak</li> <li>• SD TC</li> <li>• Sime Darby Biotech Laboratories Sdn Bhd</li> </ul>	Sime Darby Rent-A-Car Sdn Bhd	Car leasing charges payable on an ad hoc basis	1.4
SDP and its following subsidiaries:  <ul style="list-style-type: none"> <li>• SDP Sabah</li> <li>• SDP Sarawak</li> <li>• SD Research</li> <li>• SD SAS</li> <li>• SD TC</li> <li>• TCEM</li> <li>• WMSB</li> <li>• Guthrie Industries Malaysia Sendirian Berhad</li> <li>• Chartquest Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Sime Industrial Holdings Sdn Bhd</li> <li>• Sime Kubota Sdn Bhd</li> <li>• Hastings Deering (PNG) Limited</li> <li>• Hastings Deering (Solomon Islands) Limited</li> </ul>	Purchase of heavy equipment and spare parts, and receipt of maintenance services on an ad hoc basis	43.9
SDP Sabah	Sime Darby Energy Solutions Sdn Bhd (formerly known as Sime Darby Offshore Engineering Sdn Bhd)	Design, engineering, procurement, construction, testing, commissioning and completion of palm oil mill effluent biogas power plant for Sandakan Bay, Binuang and Giram.	0.0 (less than RM100,000)
<b>Transactions with Sime Darby Property Berhad (SD Property) and its subsidiaries</b>			
SDP	Sime Darby Elmina Development Sdn Bhd	Rental income from the tenancy of quarry land of 80.14 hectares of Tanah Merah Estate located at Mukim Jimah, District of Port Dickson, Negeri Sembilan for a term of 30 years from 1 January 1995 until 31 December 2024  The rental income is receivable on an annual basis	Nil
SDP and its following subsidiaries:  <ul style="list-style-type: none"> <li>• Sime Darby Latex Sdn Bhd</li> <li>• SDP Sabah</li> </ul>	SD Property and its following subsidiaries:  <ul style="list-style-type: none"> <li>• Sime Darby Ampar Tenang Sdn Bhd</li> <li>• Sime Darby Property (Bukit Selarong) Sdn Bhd</li> <li>• Sime Darby Property (Nilai) Sdn Bhd</li> </ul>	Rental expenses from leasing of the following agricultural lands:  (i) Six (6) tenancy agreements for a term of two (2) years from 1 July 2017 with an option to renew for a further term of one (1) year in respect of:  (a) 95 hectares of Bukit Kerayong Estate located at Mukim Kapar, Klang, Selangor (b) 120 hectares of Sua Betong Estate located at Mukim Si Rusa, Port Dickson, Negeri Sembilan (c) 61 hectares of Mostyn Estate located at Mukim Kunak, Tawau, Sabah	2.9

## ADDITIONAL COMPLIANCE INFORMATION

Company	Transacting Party	Nature of Transaction	Value of Transaction RM' million
	<ul style="list-style-type: none"> <li>• Sime Darby Properties (Sabah) Sdn Bhd</li> <li>• Sime Darby Lukut Development Sdn Bhd</li> <li>• Sime Darby Properties Realty Sdn Bhd</li> <li>• Sime Darby Property (Lembah Acob) Sdn Bhd</li> <li>• Sime Darby Property (Utara) Sdn Bhd</li> <li>• Sime Darby Pagoh Development Sdn Bhd</li> </ul>	<p>(d) 20 hectares of Bukit Selarong Estate located at Mukim Naga Lilit, Kulim, Kedah</p> <p>(e) 371 hectares of Padang Buluh Estate located at Mukim Bandar Gurun, Kuala Muda, Kedah</p> <p>(f) 138.76 hectares of Lanadron Estate located at Mukim Jorak, Muar, Johor</p> <p>(ii) Three (3) tenancy agreements for a term of two (2) years from 1 November 2017 with an option to renew for a further term of one (1) year in respect of:</p> <p>(a) 121 hectares of Bukit Selarong Estate located at Mukim Padang Meha, Kulim, Kedah</p> <p>(b) 495 hectares of Bukit Lagong Estate located at Mukim Rawang, Gombak, Selangor</p> <p>(c) 206.59 hectares of New Labu Estate located at Mukim Labu, Nilai, Negeri Sembilan</p> <p>(iii) A tenancy agreement for a term of two (2) years from 1 January 2018 with an option to renew for a further term of one (1) year for 269.5 hectares of Labu Estate located at Mukim Dengkil, Sepang, Selangor</p> <p>(iv) A tenancy agreement for a term of two (2) years from 1 November 2017 with an option to renew for a further term of one (1) year for 563.05 hectares of Elmina Estate located at Mukim Rawang, Gombak, Selangor</p> <p>(v) A tenancy agreement for a term of three (3) years from 29 September 2017 with an option to renew for a further three (3) years of the MVV Land 2 for 760.95 hectares of Labu and New Labu Estates located at Mukim Labu, Seremban, Negeri Sembilan</p> <p>The rental expenses are payable on a monthly basis</p>	

## ADDITIONAL COMPLIANCE INFORMATION

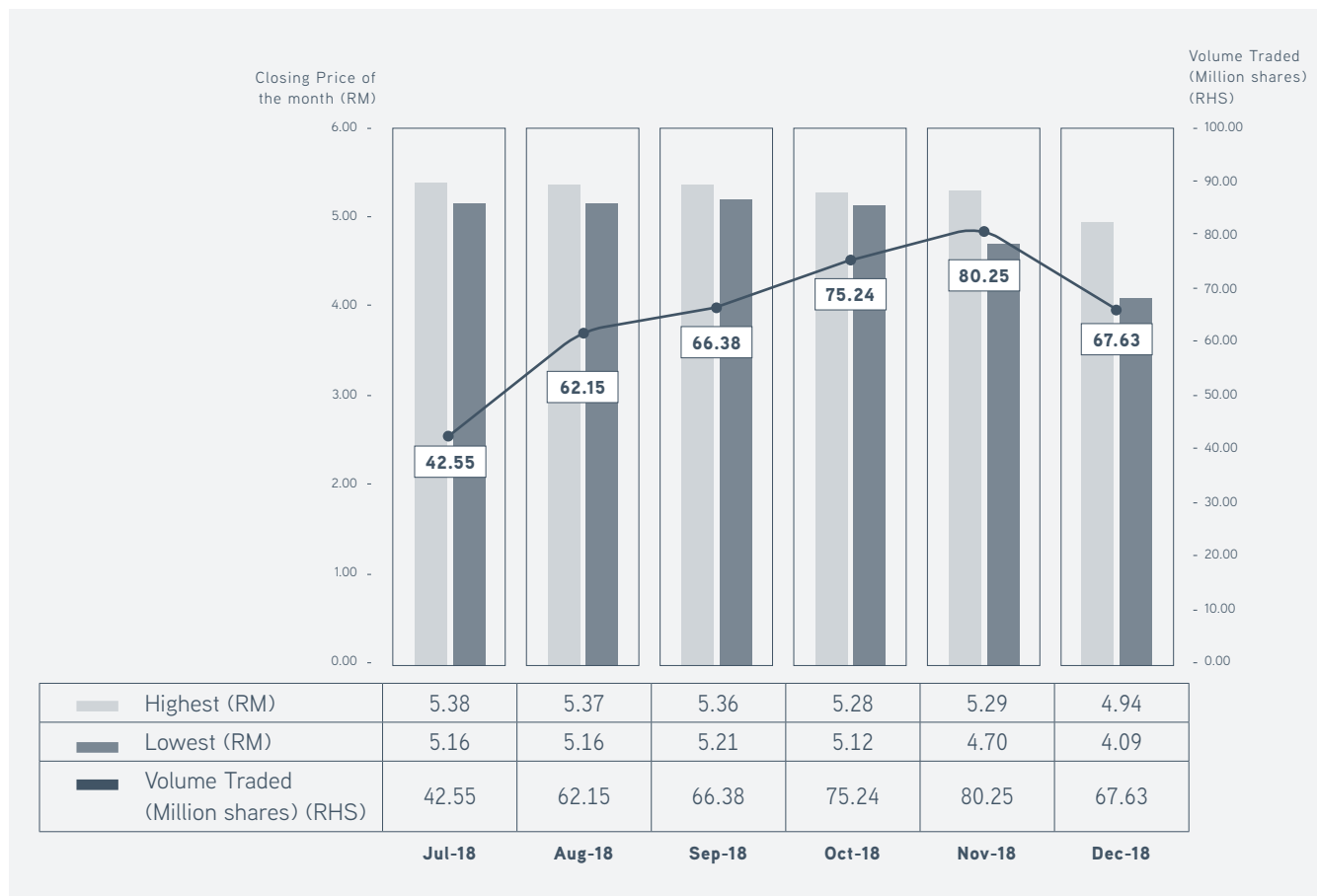
Company	Transacting Party	Nature of Transaction	Value of Transaction RM' million
<b>Transaction with Yayasan Sime Darby<sup>1</sup></b>			
SDP	Yayasan Sime Darby	Rental income from office space located at Level 5, Block C Plantation Tower for a period of 12 months commencing 1 July 2018 with an option to extend for a further three (3) years  The rental income is receivable on a monthly basis	0.1
<b>Transaction with UMW Holdings Berhad (UMWH) Group<sup>2</sup></b>			
SDP	Subsidiary of UMWH, namely UMW Toyota Motor Sdn Bhd	Purchases of motor vehicles	1.3

**Notes:**

- <sup>1</sup> SDP, SDB and SD Property are the registered corporate members of Yayasan Sime Darby, a company limited by guarantee.
- <sup>2</sup> AmanahRaya Trustees Berhad - Amanah Saham Bumiputera (ASB) is a major shareholder of SDP with 43.66% direct equity interest in SDP as at 5 April 2019 and is deemed interested in the Recurrent Related Party Transactions (Interested Major Shareholder). ASB is also a Major Shareholder of SDB and SD Property with 42.42% direct equity interest in SDB and 43.87% direct equity interest in SD Property, as at 5 April 2019. ASB is also a Major Shareholder of UMWH, holding 40.81% direct equity interest as at 5 April 2019.

## SHARE PRICE MOVEMENT & FINANCIAL CALENDAR

For the Financial Period Ended 31 December 2018



### ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

1 <sup>st</sup> Quarter ended 30 September 2018	2 <sup>nd</sup> Quarter ended 31 December 2018
23 November 2018	28 February 2019

### DIVIDEND

	Notice Date	Entitlement Date	Payment Date
Final Single Tier Dividend of 1.7 sen Per Ordinary Share	28 February 2019	10 May 2019	21 May 2019

### SIXTEENTH ANNUAL GENERAL MEETING

Notice Date : 24 April 2019  
Meeting Date : 23 May 2019



## PROPERTIES OF THE GROUP

As at 31 December 2018

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES</b>						
<b>MALAYSIA</b>						
<b><u>Kedah Darul Aman</u></b>						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	18,893	1978-2006	14	Oil palm and rubber estates and a palm oil mill	445
Bukit Hijau	Leasehold expiring 2068	9	2006	-	Rubber estate	^
<b><u>Perak Darul Ridzuan</u></b>						
Bagan Datoh, Bikam, Chersonese, Cluny, Elphil, Flemington, Holyrood, Kalumpung, Kamuning, Kinta Kellas, Sabrang, Selaba, Seri Intan, Sogomana, Sungai Samak, Sungei Wangi, Tali Ayer	Freehold	37,155	1978-2001	10-26	Oil palm and rubber estates and 5 palm oil mills	949
Chersonese, Cluny, Kalumpung, Kamuning, Kinta Kellas, Sogomana, Sungai Samak, Sungei Wangi, Tali Ayer	Leasehold expiring 2035-2897	5,446	1978-1987	-	Oil palm estates	135
<b><u>Pahang Darul Makmur</u></b>						
Bukit Puteri, Chenor, Jabor, Jentar, Kerdau, Mentakab, Sungai Mai	Freehold	9,336	1985-2006	23	Oil palm estates and 2 palm oil mills	288
Bukit Puteri, Chenor, Kerdau, Sungai Mai	Leasehold expiring 2057-2086	10,621	1985-1992	13-23	Oil palm estates and a palm oil mill	113
<b><u>Selangor Darul Ehsan</u></b>						
Banting, Bestari Jaya, Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rajah, Bukit Rotan, Bukit Talang, Dusun Durian, East Carey Island, Elmina, Sabak Bernam, Sepang, Sungai Buloh, Teluk Panglima Garang, Tennamaram, West Carey Island	Freehold	36,259	1978-2013	2-28	Oil palm estates, 4 palm oil mills, biodiesel and kernel crushing plants, rat bait factory, laboratories, research centres, warehouse and a training centre	1,289
East Carey Island, Port Klang, Sungai Buloh, Tennamaram	Leasehold expiring 2018-2109	171	1978-2010	43	Oil palm estates and a bulking plant	5
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, New Labu, Muar River, P.D. Lukut, Pertang, Rantau, Salak, Sengkang, Siliau, Sungai Gemas, Sungai Sabaling, St Helier, Sua Betong, Sungai Bharu, Tampin Linggi, Tanah Merah	Freehold	36,021	1978-2009	7-22	Oil palm and rubber estates, 4 palm oil mills and a research laboratory	809
Kok Foh, Sungai Bharu	Leasehold expiring 2034-2072	145	1982-1993	-	Oil palm estates	2

## PROPERTIES OF THE GROUP

As at 31 December 2018 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES (continued)</b>						
<b>MALAYSIA (continued)</b>						
<b>Melaka</b>						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Serkam	Freehold	14,779	1978-2011	12-20	Oil palm estates and 2 palm oil mills	239
	Leasehold expiring 2025-2071	470	1982-1992	-	Oil palm estates	3
<b>Johor Darul Takzim</b>						
Batu Anam, Bukit Badak, Bukit Benut, Bukit Paloh, Cenas, CEP Nyior, CEP Renggam, Cha'ah, Gunung Mas, Hadapan, Kempas Klebang, Kulai, Lambak, Lanadron, Layang, New Pagoh, Nordanal, North Labis, Pagoh, Pekan, Pengkalan Bukit, Sembrong, Seri Pulai, Sungai Senarut, Sungai Simpang Kiri, Tangkah, Tun Dr. Ismail, Ulu Remis, Welch, Yong Peng	Freehold	54,402	1978-2012	2-23	Oil palm and rubber estates, 4 palm oil mills, a research centre and 2 rubber factories	1,453
Cenas, CEP Nyior, Cha'ah, Lanadron, Layang, Muar River, Pekan, Sembrong, Sungai Senarut, Sungai Simpang Kiri, Ulu Remis	Leasehold expiring 2020-2918	18,612	1978-2012	23-27	Oil palm estates and 2 palm oil mills	238
<b>Sabah</b>						
Binuang, Giram, Imam, Jeleta Bumi, Kunak, Melalap, Merotai, Mostyn, Sandakan Bay, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold expiring 2019-2940	53,676	1978-1983	12-33	Oil palm estates, 5 palm oil mills, a bulking plant and a research centre	1,314
<b>Sarawak</b>						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Saha, Samudera, Semarak, Takau	Leasehold expiring 2048-2082	47,280	1990-2004	16-24	Oil palm estates and 4 palm oil mills	709
<b>Upstream Malaysia Properties</b>		<u>343,275</u>				<u>7,991</u>

PROPERTIES OF THE GROUP  
As at 31 December 2018 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES (continued)</b>						
<b>INDONESIA</b>						
<b><u>Kalimantan - West</u></b>						
Awatan, Beturus, East, Kelampai, Lembiru, Pelanjau, Mas 1 – 4, Sei Mawang, Sungai Putih, West	Leasehold expiring 2030	48,656	2001-2013	8-17	Oil palm estates, 3 palm oil mills and a bulking plant	248
<b><u>Kalimantan - Central</u></b>						
Baras Danum, Batang Garing, Hatan Tiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunyir, Seruyan, Sukamandang, Barito	Leasehold expiring 2033-2034	59,116	2001-2018	11-22	Oil palm estates, 3 palm oil mills, a bulking plant and a kernel crushing plant	366
<b><u>Kalimantan - South</u></b>						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemas, Gunung Sari, Lanting, Laut Timur, Matalok, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung, Sungai Cengal	Leasehold expiring 2032-2039	86,924	2001-2012	2-23	Oil palm estates, 8 palm oil mills, 2 bulking plants and a kernel crushing plant	1,031
<b><u>Sulawesi - Central</u></b>						
Ungkaya	Leasehold expiring 2024	4,712	2001-2011	7-24	Oil palm estate, a palm oil mill and a bulking plant	66
<b><u>Sumatera - Jambi</u></b>						
Panjang	Leasehold expiring 2038	4,000	2001-2007	11	Oil palm estate and a palm oil mill	37
<b><u>Sumatera - South</u></b>						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Rantau Panjang, Sungai Jernih, Sungai Pinang	Leasehold expiring 2033-2034	21,175	2001-2002	16-18	Oil palm estates and 2 palm oil mills	240
Bangka Belitung	Leasehold expiring 2072	10,045	2012	-	Rubber estates	4
<b><u>Sumatera - East Aceh</u></b>						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold expiring 2022-2037	8,820	2001-2008	21-36	Oil palm estates and a palm oil mill	135
<b><u>Sumatera - Riau</u></b>						
Alur Damai, Aneka Persada, Mandah, Menggala 1 – 3, Nusa Lestari, Nusa Persada, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold expiring 2031-2036	54,835	2001-2015	5-23	Oil palm estates, 5 palm oil mills and a research centre	691

## PROPERTIES OF THE GROUP

As at 31 December 2018 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES (continued)</b>						
<b>INDONESIA (continued)</b>						
<b>Sumatera – North</b>						
Deli Serdang	Leasehold expiring 2023	972	2015	–	Rubber estate, oil palm nursery and office building	30
<b>Upstream Indonesia Properties</b>		299,255				2,848
<b>LIBERIA</b>						
Bomi, Bong 1 & 2, Grand Cape Mount, Gbarpolu, Lofa	Leasehold expiring 2072	220,000	2009	5-8	Oil palm and rubber estates	208
<b>PAPUA NEW GUINEA</b>						
West New Britain, Morobe, Oro, Milne Bay, New Ireland, Markham Valley	Leasehold expiring 2018-2107	138,148	2018	2-46	Oil palm estates, a sugar cane, plantation, grazing, pastures, a refinery, 2 biogas plants, a sugar factory, 11 palm oil mills, 5 kernel crushing plants, and 2 abattoirs	4,091
<b>SOLOMON ISLANDS</b>						
Guadalcanal	Leasehold expiring 2043-2065	8,315	2015	3-13	Oil palm estates, a palm oil mills and a kernel crushing plant	329
<b>Upstream Properties</b>		1,008,969				15,467
<b>DOWNSTREAM AND OTHERS PROPERTIES</b>						
<b>MALAYSIA</b>						
<b>Selangor Darul Ehsan</b>						
Teluk Panglima Garang	Freehold	2	2012	–	Vacant land	11
North Port Edible Oil Refinery Complex, Teluk Panglima Garang	Leasehold expiring 2076-2105	17	2006-2012	8-10	Refineries	137
<b>Johor Darul Takzim</b>						
Pasir Gudang	Leasehold expiring 2035-2043	6	1974-1985	43	Refinery	10
<b>Sarawak</b>						
Kawasan Perindustrian Kidurong, Bintulu	Leasehold expiring 2072	14	2004	5-11	Refinery and a kernel crushing plant	27
<b>Downstream and Others Properties - Malaysia</b>		39				185

PROPERTIES OF THE GROUP  
As at 31 December 2018 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>DOWNSTREAM AND OTHERS PROPERTIES (continued)</b>						
<b>Overseas</b>						
<b>INDONESIA</b>						
Desa Sei Taib, Kecamatan Pulau Laut, Kalimantan	Leasehold expiring 2044	32	2014	4-5	Refinery	101
<b>THAILAND</b>						
Sukhumvit Road, Bangkok	Freehold	-	1986-2011	11-30	Office buildings	6
Poochaosamingprai Road, Samut Prakan	Freehold	5	1986	11-30	Refinery	43
Yok Krabat-Laksi Road, Samut Sakhon	Freehold	6	1986	-	Vacant land	8
Tiwanon Road, Nonthaburi	Freehold	13	2014	33-38	Crushing and refining plant and office building	89
<b>THE NETHERLANDS</b>						
Lindtsedijk, Zwijndrecht	Freehold	11	2002	5-87	Refinery and a research centre	159
<b>SOUTH AFRICA</b>						
Boksburg	Leasehold expiring 2019	1	2004	7	Refinery	^
<b>UNITED KINGDOM</b>						
Liverpool	Leasehold expiring 2034	3	2015	4-9	Refinery and office building	60
<b>PAPUA NEW GUINEA</b>						
Markham valley	Leasehold expiring 2033	1	2018	10-3	2 copra mills	8
<b>Downstream and Others Properties - Overseas</b>		72				474
<b>Downstream and Others Properties</b>		111				659

## PROPERTIES OF THE GROUP

As at 31 December 2018 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>GENERAL</b>						
<b>MALAYSIA</b>						
<b><u>Selangor Darul Ehsan</u></b>						
Plantation Tower, Oasis, Ara Damansara	Freehold	2	2012	5	Office complex	227
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Port Dickson	Freehold	3	2018	24-60	Holiday bungalow	10
<b><u>Pahang Darul Makmur</u></b>						
Cameron Highlands	Leasehold expiring 2026-2082	2	2018	32-89	Holiday bungalow	2
<b>Plantation Properties - General</b>		7				239
<b>Total Plantation Properties</b>		1,009,087				16,365

+ The age of building is in respect of the building, mill and plant

^ NBV less than RM1 million

## NOTICE TO SHAREHOLDERS

Under The Personal Data Protection Act 2010

Sime Darby Plantation Berhad (“SDP” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (“the Act”). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in SDP.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in SDP
- To provide services to you
- To communicate with you as a shareholder of SDP
- To better understand your needs as a shareholder of SDP
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selected events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, “the Purposes”)

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone, e-mail and online communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, identity card/passport number, correspondence address, telephone number, facsimile number and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the SDP Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

## NOTICE TO SHAREHOLDERS

Under The Personal Data Protection Act 2010

Further, we may request your assistance to procure the consent of third parties including, but not limited to your proxy(ies) whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for information relating to your personal data by contacting our share registrar Tricor Investor & Issuing House Services Sdn Bhd, if you wish to enquire about any aspect of share registration matters:

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur.

Attention : Ms Lim Lay Kiow, Senior Manager  
Tel : 03-2783 9299  
e-mail : lay.kiow.lim@my.tricorglobal.com

In addition, you may request for access to your personal data by contacting your broker or alternatively Tricor Investor & Issuing House Services Sdn Bhd as shown above if:

- you require access, limit access and/or make any correction and/or update to your personal data subject to compliance of such request for access limitation, corrections and/or updates not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We shall proceed to continue to process your personal data for the Purposes as set out above, on the basis that you have consented to our processing of your personal data in accordance with this notice until we receive a notification from you concerning our processing of your personal data and you hereby declare that you have read, understood and accepted the statements and terms herein. SDP reserves the right to change and/or amend this notice from time to time.



## NOTIS KEPADA PEMEGANG SAHAM

Di Bawah Akta Perlindungan Data Peribadi 2010

Sime Darby Plantation Berhad (“SDP” atau “kami”) berminat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 (“Akta”). Akta tersebut digubal untuk mengawal selia pemrosesan data peribadi. Bagi mematuhi Akta tersebut, kami perlu menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan pegangan saham anda di SDP.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk, tetapi tidak terhad kepada, pendaftaran dan pengurusan pegangan saham anda di SDP
- Untuk memberikan perkhidmatan kepada anda
- Untuk berkomunikasi dengan anda sebagai pemegang saham SDP
- Untuk lebih memahami keperluan anda sebagai pemegang saham SDP
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Untuk aktiviti-aktiviti pemasaran
- Bagi maksud tadbir urus korporat kami
- Untuk menghantar undangan-undangan ke acara-acara terpilih
- Untuk mematuhi sebarang keperluan undang-undang, statutori, dan peraturan
- Bagi maksud penyertaan dalam penglibatan media dan/atau apa-apa acara yang relevan atau yang berkaitan
- Bagi maksud untuk kami menyediakan jemputan tetamu, pendaftaran dan/atau kemasukan untuk acara-acara kami
- Bagi maksud penerbitan bercetak dan penerbitan dalam talian kami

(secara kolektif dirujuk sebagai, “Tujuan-Tujuan tersebut”).

Data peribadi anda adalah data yang sedang atau yang akan dikumpulkan daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi dengan anda atau daripada anda melalui pos, faksimili, telefon, dan e-mel serta maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan mana-mana bursa saham lain, broker saham dan remisier anda.

Anda mungkin diminta untuk memberikan kepada kami nama, nombor kad pengenalan/pasport, alamat surat-menyurat, nombor telefon, nombor faksimili dan alamat emel anda.

Jika anda gagal membekalkan kepada kami data peribadi tersebut, kami tidak akan dapat memproses dan/atau mendedahkan data peribadi anda untuk Tujuan-Tujuan tersebut.

Sila ambil maklum bahawa data peribadi anda boleh didedahkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan SDP (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), samada pada masa kini atau masa hadapan (secara kolektif, “Kumpulan”), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda untuk melaksanakan Tujuan-Tujuan tersebut dan apa sahaja tujuan lain yang berkaitan dengan Tujuan-Tujuan tersebut, serta dalam menyediakan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod oleh, termasuk tetapi tidak terhad kepada, pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami bagi menguruskan pendaftaran pemegang saham.

Pemrosesan, pendedahan, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin akan mengakibatkan data peribadi anda dipindahkan ke luar Malaysia.

## NOTIS KEPADA PEMEGANG SAHAM

Di Bawah Akta Perlindungan Data Peribadi 2010

Untuk tujuan ini, kami komited untuk memastikan kerahsiaan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Anda bertanggungjawab untuk memastikan bahawa semua data peribadi yang anda berikan kepada kami dan yang disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami juga boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga, termasuk tetapi tidak terhad kepada proksi yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, mengemukakan permintaan untuk mengakses data peribadi anda dengan menghubungi pendaftar saham kami Tricor Investor & Issuing House Services Sdn Bhd, jika anda ingin membuat sebarang pertanyaan berkenaan dengan aspek-aspek pendaftaran saham:

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur.

Untuk perhatian : Puan Lim Lay Kiow, Pengurus Kanan  
No.Tel : 03-2783 9299  
e-mel : lay.kiow.lim@my.tricorglobal.com

Anda juga boleh membuat permintaan untuk mengakses data peribadi anda dengan menghubungi broker anda atau secara alternatif Tricor Investor & Issuing House Services Sdn Bhd seperti yang tersebut di atas jika:

- anda memerlukan akses, meminda, menyekat akses atau mengemaskini data peribadi anda, tertakluk kepada syarat bahawa pematuhan ke atas permintaan untuk akses, pindaan, sekatan atau kemaskini tersebut tidak ditolak di bawah peruntukan Akta dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Data peribadi anda yang disimpan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat sebarang percanggahan atau konflik antara versi Bahasa Inggeris and versi Bahasa Malaysia Notis ini, versi Bahasa Inggeris akan digunapakai.

Kami akan meneruskan pemrosesan data peribadi anda untuk Tujuan-Tujuan tersebut, atas dasar bahawa anda telah bersetuju untuk pemrosesan data peribadi anda mengikut notis ini sehingga kami menerima pemberitahuan daripada anda mengenai pemrosesan data peribadi anda dan anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma di dalam notis ini. SDP berhak mengubah dan/atau meminda notis ini dari masa ke semasa.

## GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. Sime Darby Plantation Berhad Annual Report and the Supplementary Progress Report on Sustainability have been prepared in accordance with the GRI Standards: Core option. The following summary table details the location of specific disclosures throughout the report. It also includes additional supporting commentary and reasons for the omission of data, where relevant. Unless stated, the page numbers stated are from the Annual Report. For further details, please visit [www.simedarbyplantation.com](http://www.simedarbyplantation.com).

<b>GRI 101: Foundation 2016</b>		
<b>GRI 102: General Disclosures 2016</b>		
<b>Disclosure</b>		<b>Page or reason for omission</b>
<b>Organisational Profile</b>		
102-1	Name of organisation	About This Report (1)
102-2	Activities, brands, products, and services	Who We Are (6)
102-3	Location of headquarters	Our Corporate Information (11)
102-4	Location of operations	Who We Are (6) Our Global Presence (8-9)
102-5	Ownership and legal form	Our Corporate Information (11)
102-6	Markets served	Our Global Presence (8-9)
102-7	Scale of the organisation	Our Global Presence (8-9) Group Financial Performance (30)
102-8	Information on employees and other workers	Human Capital Development (48) Our Social Impact – Annual Report (56) Supplementary Progress Report (10) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
102-9	Supply chain	Our Value Creation Model (18)
102-11	Precautionary Principle or approach	Letter from Our Chairman (24) Statement on Risk Management and Internal Control (104)
102-12	External initiatives	Our Approach to Sustainability – Annual Report (12) Supplementary Progress Report (2)
102-13	Membership of associations	Our Approach to Sustainability – Annual Report (12) Supplementary Progress Report (2) Our Environmental Impact – Annual Report (61) Supplementary Progress Report (17) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Letter from Our Chairman (24)
102-15	Key impacts, risks, and opportunities	Our Market Landscape (14) Our Value Creation Model (18) Managing Our Material Matters (20) Our Strategic Plan (22) Statement on Risk Management and Internal Control (104)
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	Corporate Governance Overview Statement (75) Statement on Risk Management and Internal Control (104)
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance Overview Statement (75) Statement on Risk Management and Internal Control (104)

## GLOBAL REPORTING INITIATIVE (GRI)

<b>Governance</b>		
102-18	Governance structure	Corporate Governance Overview Statement (75)
102-19	Delegating authority	Corporate Governance Overview Statement (75)
102-20	Executive-level responsibility for economic, environmental, and social topics	Our Leadership Team (70)
102-21	Consulting stakeholders on economic, environmental, and social topics	Our Approach to Sustainability – Annual Report (12) Supplementary Progress Report (2) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a> Managing Our Material Matters (20) Our Strategic Plan (22)
102-22	Composition of the highest governance body and its committees	Our Board of Directors (64)
102-23	Chair of the highest governance body	Our Board of Directors (64)
102-26	Role of the highest governance body in setting purpose, values, and strategy	Our Board of Directors (64)
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Managing Our Material Matters (20)
102-41	Collective bargaining agreements	Our Social Performance – Annual Report (56) Supplementary Progress Report (10) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
102-42	Identifying and selecting stakeholders	Managing Our Material Matters (20)
102-43	Approach to stakeholder engagement	Our Approach to Sustainability – Annual Report (12) Supplementary Progress Report (2) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a> Corporate Governance Overview Statement (75)
102-44	Key topics and concerns raised	Our Market Landscape (14) Managing Our Material Matters (20)
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements (131)
102-46	Defining report content and topic Boundaries	About This Report (1)
102-47	List of material topics	About This Report (1)
102-48	Restatements of information	Who We Are (6)
102-49	Changes in reporting	About This Report (1)
102-50	Reporting period	About This Report (1)
102-51	Date of most recent report	About This Report (1)
102-52	Reporting cycle	About This Report (1)
102-53	Contact point for questions regarding the report	Our Corporate Information (11)
102-54	Claims of reporting in accordance with the GRI Standards	About This Report (1)
102-55	GRI Content Index	Global Reporting Index (GRI) Content Index (353)

## GLOBAL REPORTING INITIATIVE (GRI)

<b>Material Topics</b>			
<b>GRI Standard</b>	<b>Disclosure</b>		<b>Page or reason for omission</b>
<b>Economic</b>			
<b>Economic Performance</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Letter from Our Chairman (24) Group Financial Performance (30)
	103-2	The management approach and its components	Group Financial Performance (30)
	103-3	Evaluation of the management approach	Group Financial Performance (30)
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Group Financial Performance (30) Notes to the Financial Statements (131)
<b>Market Presence</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Global Presence (8-9)
	103-2	The management approach and its components	Our Market Landscape (14)
	103-3	Evaluation of the management approach	Our Market Landscape (14)
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	Our Leadership Team (70)
<b>Procurement Practices</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Board Tender Committee Report (102)
	103-2	The management approach and its components	Board Tender Committee Report (102) Statement of Risk Management and Internal Control (104)
	103-3	Evaluation of the management approach	Statement of Risk Management and Internal Control (104)
<b>Anti-corruption</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Governance and Audit Committee Report (84)
	103-2	The management approach and its components	Governance and Audit Committee Report (84)
	103-3	Evaluation of the management approach	Statement of Risk Management and Internal Control (104)

## GLOBAL REPORTING INITIATIVE (GRI)

<b>Environment</b>			
<b>Water and Effluents</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Biodiversity</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	304-2	Significant impacts of activities, products, and services on biodiversity	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	304-3	Habitats protected or restored	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>

## GLOBAL REPORTING INITIATIVE (GRI)

<b>Emissions (Continued)</b>			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	305-2	Energy indirect (Scope 2) GHG emissions	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	305-4	GHG emissions intensity	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	305-5	Reduction of GHG emissions	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Effluents and Waste</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Environmental Compliance</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Environmental Impact Annual Report (61) Supplementary Progress Report (17) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>

## GLOBAL REPORTING INITIATIVE (GRI)

<b>Social</b>			
<b>Employment</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development (48)
	103-2	The management approach and its components	Human Capital Development (48)
	103-3	Evaluation of the management approach	Human Capital Development (48)
<b>Labour/Management Relations</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development (48)
	103-2	The management approach and its components	Human Capital Development (48)
	103-3	Evaluation of the management approach	Human Capital Development (48)
<b>Occupational Health and Safety</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	403-2	Hazard identification, risk assessment, and incident investigation	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	403-4	Worker participation, consultation, and communication on occupational health and safety	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>



## GLOBAL REPORTING INITIATIVE (GRI)

<b>Social (Continued)</b>			
<b>Occupational Health and Safety (Continued)</b>			
GRI 403: Occupational Health and Safety 2018 (Continued)	403-5	Worker training on occupational health and safety	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	403-6	Promotion of worker health	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	403-9	Work-related injuries	Our Social Performance – Annual Report (56) Our Occupational Safety and Health – Supplementary Progress Report (15) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Training and Education</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development (48)
	103-2	The management approach and its components	Human Capital Development (48)
	103-3	Evaluation of the management approach	Human Capital Development (48)
<b>Diversity and Equal Opportunity</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development (48)
	103-2	The management approach and its components	Human Capital Development (48)
	103-3	Evaluation of the management approach	Human Capital Development (48)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Our Social Performance – Annual Report (56) Supplementary Progress Report (10) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a> Our Board of Directors (64)
<b>Non-discrimination</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development (48)
	103-2	The management approach and its components	Human Capital Development (48)
	103-3	Evaluation of the management approach	Human Capital Development (48)
<b>Freedom of Association and Collective Bargaining</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our “Supplementary Progress Report on Sustainability 2018” which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>

## GLOBAL REPORTING INITIATIVE (GRI)

<b>Child Labour</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Forced or Compulsory Labour</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Human Rights Assessments</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
<b>Local Communities</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-2	The management approach and its components	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	103-3	Evaluation of the management approach	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>
	413-2	Operations with significant actual and potential negative impacts on local communities	Our Social Performance Annual Report (56) Supplementary Progress Report (10) Please refer to our "Supplementary Progress Report on Sustainability 2018" which can be found on our website at <a href="http://www.simedarbyplantation.com">www.simedarbyplantation.com</a>

## NOTICE TO PROXIES

Under The Personal Data Protection Act 2010

Sime Darby Plantation Berhad (“SDP” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (“the Act”). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your acting as a proxy for a shareholder in SDP.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration of attendance at general meeting(s)
- To communicate with you as a proxy for a shareholder of SDP
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For the purposes of our corporate governance
- To comply with any legal, statutory and/or regulatory requirements

(collectively, “the Purposes”).

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone, e-mail and online communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, identity card/passport number and correspondence address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the SDP Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

## NOTICE TO PROXIES

Under The Personal Data Protection Act 2010

You may at any time after the submission of your personal data to us, request for access to your personal data from Tricor Investor & Issuing House Services Sdn Bhd if:

- you require access, limit access and/or make any correction and/or update to your personal data subject to compliance of such request for access, limitation, corrections and/or updates not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur.

Attention : Ms Lim Lay Kiow, Senior Manager  
Tel : 03-2783 9299  
e-mail : lay.kiow.lim@my.tricorglobal.com

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We shall proceed to continue to process your personal data for the Purposes as set out above, on the basis that you have consented to our processing of your personal data in accordance with this notice until we receive a notification from you concerning our processing of your personal data and you hereby declare that you have read, understood and accepted the statements and terms herein. SDP reserves the right to change and/or amend this notice from time to time.

## NOTIS KEPADA PROKSI

Di Bawah Akta Perlindungan Data Peribadi 2010

Sime Darby Plantation Berhad (“SDP” atau “kami”) bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 (“Akta”). Akta tersebut digubal untuk mengawal selia pemprosesan data peribadi. Bagi mematuhi Akta tersebut, kami perlu menguruskan data peribadi yang kami kumpulkan daripada anda yang berkaitan dengan perwakilan anda sebagai proksi untuk pemegang saham SDP.

Data peribadi anda adalah untuk, tetapi tidak terhad kepada tujuan-tujuan berikut:

- Penyimpanan rekod dalaman termasuk, tetapi tidak terhad kepada, pendaftaran kehadiran di mesyuarat atau mesyuarat-mesyuarat agung
- Untuk berkomunikasi dengan anda sebagai proksi kepada pemegang saham SDP
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Bagi maksud tadbir urus korporat kami
- Untuk mematuhi sebarang keperluan undang-undang, statutori, dan/atau peraturan

(secara kolektif dirujuk sebagai, “Tujuan-Tujuan tersebut”).

Data peribadi anda adalah data yang sedang atau yang akan dikumpulkan daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi dengan anda atau daripada anda melalui pos, faksimili, telefon, dan e-mel serta maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan mana-mana bursa saham lain, broker saham dan remisier anda.

Anda mungkin diminta untuk memberikan kepada kami nama, nombor kad pengenalan/pasport dan alamat surat-menyurat anda.

Jika anda gagal membekalkan kepada kami data peribadi tersebut, kami tidak akan dapat memproses dan/atau mendedahkan data peribadi anda untuk Tujuan-Tujuan tersebut.

Sila ambil maklum bahawa data peribadi anda boleh didedahkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan SDP (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), samada pada masa kini atau masa hadapan (secara kolektif, “Kumpulan”), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda untuk melaksanakan Tujuan-Tujuan tersebut dan apa sahaja tujuan lain yang berkaitan dengan Tujuan-Tujuan tersebut, serta dalam menyediakan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod oleh, termasuk tetapi tidak terhad kepada, pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami bagi menguruskan pendaftaran pemegang saham.

Pemprosesan, pendedahan, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin akan mengakibatkan data peribadi anda dipindahkan ke luar Malaysia.

Untuk tujuan ini, kami komited untuk memastikan kerahsiaan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Anda bertanggungjawab untuk memastikan bahawa semua data peribadi yang anda berikan kepada kami dan yang disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami juga boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

## NOTIS KEPADA PROKSI

Di Bawah Akta Perlindungan Data Peribadi 2010

Anda boleh pada bila-bila masa selepas penyerahan data peribadi ini mengemukakan permintaan untuk mengakses data peribadi anda daripada Tricor Investor & Issuing House Services Sdn Bhd jika:

- anda memerlukan akses, meminda, menyekat akses atau mengemaskini data peribadi anda, tertakluk kepada syarat bahawa pematuhan ke atas permintaan untuk akses, pindaan, sekatan atau kemaskini tersebut tidak ditolak di bawah peruntukan Akta dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur.

Untuk perhatian : Puan Lim Lay Kiow, Pengurus Kanan  
No.Tel : 03-2783 9299  
e-mel : lay.kiow.lim@my.tricorglobal.com

Data peribadi anda yang disimpan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat sebarang percanggahan atau konflik antara versi Bahasa Inggeris and versi Bahasa Malaysia Notis ini, versi Bahasa Inggeris akan digunapakai.

Kami akan meneruskan pemprosesan data peribadi anda untuk Tujuan-Tujuan tersebut, atas dasar bahawa anda telah bersetuju dengan pemprosesan data peribadi anda mengikut notis ini sehingga kami menerima pemberitahuan daripada anda mengenai pemprosesan data peribadi anda dan anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma di dalam notis ini. SDP berhak untuk mengubah dan/atau meminda notis ini dari masa ke semasa.

# FORM OF PROXY

**SIME DARBY PLANTATION BERHAD** (Company No. 647766-V)  
(Incorporated in Malaysia)

Number of ordinary shares held	CDS Account No.										

I/We \_\_\_\_\_  
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. \_\_\_\_\_) of \_\_\_\_\_  
(ADDRESS)

\_\_\_\_\_ (ADDRESS)  
Tel. No. \_\_\_\_\_ being a member/members of SIME DARBY PLANTATION BERHAD hereby appoint:

Full Name (As per NRIC/Passport in Capital Letters)	NRIC/Passport No.	Address	Proportion of Shareholdings	
			No. of Shares	%

\* and/or (delete as applicable)

Full Name (As per NRIC/Passport in Capital Letters)	NRIC/Passport No.	Address	Proportion of Shareholdings	
			No. of Shares	%

\*\* or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of Sime Darby Plantation Berhad (SDP or the Company) to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Thursday, 23 May 2019 at 10.00 a.m. and at any adjournment thereof.

No.	Agenda	Resolution	For	Against
<b>Ordinary Business</b>				
1.	To receive the Audited Financial Statements for the financial period ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon			
2.	To approve the payment of Directors' remuneration to the Non-Executive Directors for the financial period ended 31 December 2018	1		
3.	To approve the payment of benefits payable to the Non-Executive Directors from 24 May 2019 until the next Annual General Meeting of the Company to be held in 2020	2		
4.	To re-elect Dato' Henry Sackville Barlow who retires in accordance with Rule 81.2 of the Constitution of the Company	3		
5.(i)	To re-elect Tan Sri Datuk Dr Yusof Basiran who retires in accordance with Rule 103 of the Constitution of the Company	4		
5.(ii)	To re-elect Datuk Zaiton Mohd Hassan who retires in accordance with Rule 103 of the Constitution of the Company	5		
5.(iii)	To re-elect Dato' Mohd Nizam Zainordin who retires in accordance with Rule 103 of the Constitution of the Company	6		
5.(iv)	To re-elect Dato' Mohamad Nasir Ab Latif who retires in accordance with Rule 103 of the Constitution of the Company	7		
6.	To appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to determine their remuneration	8		
<b>Special Business</b>				
7.	To approve the renewal of the Shareholders' Mandate for existing recurrent related party transactions of a revenue or trading nature	9		
8.	To authorise the Directors to allot and issue new ordinary shares in the Company in relation to the Dividend Reinvestment Plan	10		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

## IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (PDPA Notice) in the Annual Report concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, agree to procure the consent of the proxy whose personal data is made available by you to us and you hereby agree to use your best endeavour to do so.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature/Common Seal of Member(s)

\*\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

## Notes:

- A member of the Company entitled to attend and vote at the Sixteenth Annual General Meeting (AGM) is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Sixteenth AGM on his/her behalf. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a member of the Company.
- A member of the Company may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Sixteenth AGM of the Company shall be put to vote by way of a poll.
- Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
- Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
- The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised, or in any other manner authorised by the Constitution of the Company. Any alteration to the instrument appointing a proxy must be initialled.
- The appointment of proxy(ies) may be made in a hardcopy form or by electronic means as follows:
  - In Hardcopy Form  
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Wednesday, 22 May 2019 at 10.00 a.m.
  - By Tricor Online System (TIIH Online)  
The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online (applicable to individual shareholder only). The website to access TIIH Online is <https://tiih.online> (Kindly refer to the Annexure to the Proxy Form – Electronic Lodgement of Proxy Form for General Meeting).
- Only Members registered in the Record of Depositors as at 10 May 2019 shall be eligible to attend, speak and vote at the AGM or appoint proxy(ies) to attend, speak and vote on his/her behalf.

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Stamp

**THE SHARE REGISTRAR**

**SIME DARBY PLANTATION BERHAD** (647766-V)  
c/o Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

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# ANNEXURE

Dear Security Holders






## **ELECTRONIC LODGEMENT OF PROXY FORM FOR GENERAL MEETING**

We are pleased to inform that security holders can have the option to lodge their proxy forms by electronic means through our system, TIIH Online (“**e-proxy form**”).

TIIH Online is a web-based facility that provides an online platform for security holders (individuals only) to perform lodgement of document/form electronically which includes proxy form in paperless form (“e-lodgement”). Once you have successfully lodged your e-proxy form, you are no longer required to complete and lodge the physical proxy form to the company or Tricor’s office.










To assist you on how to engage with e-lodgement of proxy form, kindly read and follow the guidance notes which are detailed below:

### **1. Sign up as user of TIIH Online**

-  Using your computer, access our website at <https://tiih.online>
-  Sign up as a user by completing the registration form. Registration is free.
-  Upload a softcopy of your MyKad (front and back) or your passport.
-  Administrator will approve your registration within one working day and notify you via email.
-  Activate your account by re-setting your password.

- Notes:
- (i) *If you are already a user of TIIH Online, you are not required to sign up again.*
  - (ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account.*
  - (iii) *At this juncture, only individual security holders are offered to register as user and participate in e-lodgement.*

### **2. Proceed with e-lodgement of proxy form**

-  Login with your username (i.e. e-mail address) and password.
-  Select the corporate event: “**Lodgement of Proxy Form**”.
-  Read and agree to the Terms & Conditions and confirm the Declaration.
-  Preview and select the CDS account number and indicate the number of securities for your proxy(s) to vote on your behalf.
-  Appoint your proxy(s) or chairman and insert the required details of your proxy(s).
-  Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
-  Review & confirm your proxy(s) appointment.
-  Proceed to pay handling fee of RM5 for each CDS account through the online FPX payment gateway.
-  Print payment receipt and e-proxy form for your record.

### **Our Contact**

Should you need further clarification on the e-lodgement of proxy form, you can contact us at the following. Thank you.

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A, Vertical Business Suite,  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia

Telephone No: 03-27839299  
Fax No: 03-27839222  
E-mail: [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

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**Plantation**

**[www.simedarbyplantation.com](http://www.simedarbyplantation.com)**

**SIME DARBY PLANTATION BERHAD**

(Company No.: 647766-V)

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Plantation Tower

No. 2, Jalan PJU 1A/7, Ara Damansara  
47301 Petaling Jaya, Selangor Malaysia

Tel: (603) 7848 4000

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