

PROSPECTUS



Plantation

Sime Darby Plantation Berhad

(Company No.: 647766-V)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)



PROSPECTUS | SIME DARBY PLANTATION BERHAD (Company No.: 647766-V)



Delivering Sustainable Futures

Plantation

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(Company No: 647766-V)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

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Vol 2

LISTING OF SIME DARBY PLANTATION BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

AS AT THE DATE OF THIS PROSPECTUS, THE DISTRIBUTION OF SD PLANTATION SHARES (AS DEFINED HEREIN) HAS NOT BEEN COMPLETED. THE SHARES WILL BE DISTRIBUTED TO THE ENTITLED SHAREHOLDERS OF SDB (AS DEFINED HEREIN) AFTER 5.00 P.M. ON 29 NOVEMBER 2017.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS RELATING TO AN INVESTMENT IN THE SHARES WHICH SHOULD BE CONSIDERED BY YOU, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

THIS PROSPECTUS IS ISSUED FOR INFORMATION PURPOSE ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF SECURITIES IS OR WILL BE MADE ON THE BASIS OF THIS PROSPECTUS.

LISTING SOUGHT : MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED 28 NOVEMBER 2017

Principal Adviser



Maybank Investment Bank Berhad (19938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.23 Available-for-sale investments

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.24 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 consolidated statements of financial position:

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.24 Deferred tax (continued)

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
At 1 July	(590,748)	(2,267,300)	(1,902,015)
(Charged)/credited to profit or loss (Note 2.12)			
- property, plant and equipment	(45,591)	322,908	(4,194)
- biological assets	(9,671)	4,932	(5,357)
- future tax on unrealised fair value adjustments	(33,944)	62,093	(88,209)
- unutilised tax losses	6,013	27,108	(12,041)
- retirement benefits	3,896	8,822	4,491
- impairments and provisions	27,443	(27,683)	92,711
- others	1,676	14,282	65,078
	(50,178)	412,462	52,479
Credited/(charged) to other comprehensive income (Note 2.15)	5,746	5,332	(11,326)
Transfers to non-current assets held for sale (Note 2.31)	-	-	(12,743)
Acquisition of subsidiaries	(1,537,307)	-	-
Exchange differences	(94,813)	(52,509)	(81,240)
At 30 June	<u>(2,267,300)</u>	<u>(1,902,015)</u>	<u>(1,954,845)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.24 Deferred tax (continued)

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Deferred tax assets (before offsetting)				
- unutilised tax losses	36,609	52,511	228,337	208,867
- retirement benefits	36,584	42,326	51,150	50,261
- impairments and provisions	74,455	179,442	153,535	217,666
- redeemable loan stocks	19,659	19,659	15,929	14,293
- others	141,702	151,353	167,507	219,462
	<u>309,009</u>	<u>445,291</u>	<u>616,458</u>	<u>710,549</u>
Offsetting	(157,236)	(292,424)	(36,398)	(69,737)
Deferred tax assets (after offsetting)	<u>151,773</u>	<u>152,867</u>	<u>580,060</u>	<u>640,812</u>
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(654,365)	(2,099,892)	(1,941,242)	(2,113,085)
- biological assets	(24,172)	(34,774)	(31,029)	(43,425)
- intangible assets	-	(239,536)	(238,612)	(231,365)
- agricultural produce	-	(114,043)	-	-
- future tax on unrealised fair value adjustments	(219,704)	(178,534)	(210,900)	(246,383)
- others	(1,516)	(45,812)	(96,690)	(31,136)
	<u>(899,757)</u>	<u>(2,712,591)</u>	<u>(2,518,473)</u>	<u>(2,665,394)</u>
Offsetting	157,236	292,424	36,398	69,737
Deferred tax liabilities (after offsetting)	<u>(742,521)</u>	<u>(2,420,167)</u>	<u>(2,482,075)</u>	<u>(2,595,657)</u>

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.25 Tax recoverable

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

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

2.26 Trade and other receivables

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Non-current				
Advances for plasma plantation projects (Note 2.26(a))	83,754	84,032	110,581	106,451
Redeemable loan stocks (Note 2.26(b))	265,823	284,430	304,341	-
Convertible notes of an associate	-	-	17,444	-
	<u>349,577</u>	<u>368,462</u>	<u>432,366</u>	<u>106,451</u>
Accumulated impairment losses: Advances for plasma plantation projects (Note 2.26(a))	(13,876)	(16,076)	(19,754)	(23,649)
	<u>335,701</u>	<u>352,386</u>	<u>412,612</u>	<u>82,802</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Trade and other receivables (continued)

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Current				
Trade receivables	1,446,426	1,670,195	1,434,162	1,539,530
Other receivables	135,023	272,290	283,791	186,379
Redeemable loan stocks (Note 2.26(b))	-	-	-	325,645
Convertible notes of an associate	-	-	-	69,405
Goods and services tax/value added tax receivable	102,792	242,071	305,713	144,219
Prepayments	58,643	226,559	196,410	267,831
Deposits	27,590	81,644	33,262	36,042
Amounts due from associates	90	1,361	11,535	1,859
Amounts due from joint ventures	17,390	33,775	38,555	31,022
Interest receivable	25	506	3,122	1,531
	<u>1,787,979</u>	<u>2,528,401</u>	<u>2,306,550</u>	<u>2,603,463</u>
Accumulated impairment losses:				
Trade receivables	(11,585)	(10,553)	(30,179)	(42,949)
Other receivables	(1,043)	(34,065)	(1,422)	(2,388)
	<u>(12,628)</u>	<u>(44,618)</u>	<u>(31,601)</u>	<u>(45,337)</u>
	<u>1,775,351</u>	<u>2,483,783</u>	<u>2,274,949</u>	<u>2,558,126</u>

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

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

As at 30 June 2017, trade and other receivables with a total carrying amount of RM39 million (30 June 2016: RM173 million, 30 June 2015 and 1 July 2014: RM Nil) were pledged as security for borrowings (see Note 2.38).

The Group's concentration of credit risk is disclosed in Note 2.48(c)(iii).

The currency exposure profile is disclosed in Note 2.48(c)(i).

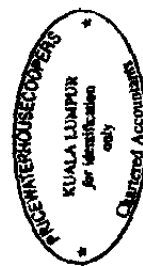
13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 2.26 Trade and other receivables (continued)
- (a) Advances for plasma plantation projects (non-current)

	Perusahaan Inti Rakyat Transmigrasi		Kredit Koperasi Primer untuk Anggotanya	
	2015 RM'000	2016 RM'000	2015 RM'000	2017 RM'000
Gross:				
At 1 July	52,529	34,058	31,225	49,974
Additions	4,236	1,961	16,624	21,454
Recovered	(19,290)	(119)	-	-
Transfers to property, plant and equipment (Note 2.16)	(5,724)	(3,215)	-	-
Transfers to non-current assets held for sale	-	-	-	-
Exchange differences	2,307	2,558	2,125	3,910
At 30 June	34,058	35,243	49,974	75,338
Accumulated impairment losses:				
At 1 July	11,204	11,718	2,672	8,094
Charge for the financial year	377	-	1,558	3,167
Reversals for the financial year	(468)	(936)	(56)	(620)
Transfers to non-current assets held for sale	-	-	-	-
Exchange differences	605	878	184	438
At 30 June	11,718	11,660	4,358	11,079
Net book value				
At 30 June	22,340	23,583	45,616	68,075



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Trade and other receivables (continued)

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

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

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

(b) Redeemable loan stocks (unsecured)

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
Nominal value	500,000	500,000	500,000
Discount on inception	<u>(334,000)</u>	<u>(334,000)</u>	<u>(334,000)</u>
	<u>166,000</u>	<u>166,000</u>	<u>166,000</u>
Accretion of discount:			
At 1 July	99,823	118,430	138,341
Accretion during the financial year (Note 2.9)	<u>18,607</u>	<u>19,911</u>	<u>21,304</u>
At 30 June	<u>118,430</u>	<u>138,341</u>	<u>159,645</u>
Net book value at 30 June	<u><u>284,430</u></u>	<u><u>304,341</u></u>	<u><u>325,645</u></u>

The redeemable loan stocks have the following maturity periods:

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Trade and other receivables (continued)

(b) Redeemable loan stocks (unsecured and non-current) (continued)

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Trade and other receivables (continued)

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

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

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

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

The ageing analysis of individually impaired receivables are as follows:

	1 July <u>2014</u> RM'000	30 June <u>2015</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2017</u> RM'000
Past due by				
1 to 30 days	85	436	651	340
31 to 60 days	18	1	17	1
61 to 90 days	-	16	4	1
91 to 180 days	-	291	271	731
More than 181 days	12,525	43,874	30,658	44,264
	<u>12,628</u>	<u>44,618</u>	<u>31,601</u>	<u>45,337</u>

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

The credit risk management objectives, policy and exposure are described in Note 2.48(c)(iii).

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.26 Trade and other receivables (continued)

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000	
At 1 July	12,628	44,618	31,601	
Acquisition of subsidiary	32,503	-	-	
Charge for the financial year	459	5,704	8,745	
Write offs	(2,114)	(2,417)	(974)	
Reversal for the financial year	-	(18,022)	-	
Exchange differences	1,142	1,718	5,965	
	<u>44,618</u>	<u>31,601</u>	<u>45,337</u>	
Impairment arising from:				
- individual assessment	<u>44,618</u>	<u>31,601</u>	<u>45,337</u>	
2.27 Inventories				
	1 July <u>2014</u> RM'000	30 June <u>2015</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2017</u> RM'000
Produce inventories:				
- palm oil products	207,345	367,526	355,335	370,283
- sugar stocks	-	33,152	24,130	28,150
- rubber	-	5,507	5,233	4,186
Trading inventories	2,648	6,530	26,508	17,462
Raw materials and consumable stores	285,639	669,662	831,032	753,853
Refined inventories:				
- work-in-progress	147,609	185,719	184,583	258,481
- finished goods	73,673	72,810	78,135	89,393
	<u>716,914</u>	<u>1,340,906</u>	<u>1,504,956</u>	<u>1,521,808</u>

The carrying amounts of inventories of RM67.0 million (30 June 2016: RM141.0 million, 30 June 2015: RM186.0 million, 1 July 2014: RM70.6 million) are stated at net realisable value.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.28 Amounts due (to)/from immediate holding company and fellow subsidiaries

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Non-current				
Amounts due to fellow subsidiaries				
- interest bearing	(1,175,537)	(700,000)	(7,477,346)	-
Current				
Amounts due from fellow subsidiaries				
- non-interest bearing	231,786	227,829	76,244	43,031
Amount due to immediate holding company				
- non-interest bearing	(647,970)	(395,246)	(705,759)	(145,392)
Amounts due to fellow subsidiaries				
- interest bearing	(3,824,949)	(7,508,618)	-	(1,291,944)
- non-interest bearing	-	-	(101,835)	(149,579)
<u>Interest rates per annum</u>				
	%	%	%	%
Non-current				
Amounts due to fellow subsidiaries	0.71 - 4.71	4.25 - 5.11	4.25 - 5.28	-
Current				
Amounts due to fellow subsidiaries	4.10 - 4.71	4.25 - 5.11	-	4.25 - 4.91

As at 1 July 2014 and 30 June 2015, the interest bearing amount due to a fellow subsidiary was repayable on demand whilst interest is chargeable at a floating rate.

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

As at 30 June 2017, as part of the internal restructuring exercise as set out in Note 1.1, the terms of the floating rate interest bearing amount due to the fellow subsidiary amounting to RM1.29 billion were revised. This amount was classified as current as the Group is now required to repay the outstanding balance within the next twelve months. The non-cash transactions as set out in Note 2.47(d) were entered during the financial year ended 30 June 2017 as a settlement against the amount due to this fellow subsidiary.

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.28 Amounts due (to)/from immediate holding company and fellow subsidiaries (continued)

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

The currency exposure profile is disclosed in Note 2.48(c)(i).

2.29 Derivatives

The Group's derivatives are as follows:

	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<u>1 July 2014</u>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	350,430	1,490	(162)
Non-hedging derivatives:			
- forward foreign exchange contracts	220,217	3,675	(271)
- commodities futures contracts	190,629	5,195	(5,074)
	410,846	8,870	(5,345)
	761,276	10,360	(5,507)
<u>30 June 2015</u>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	575,543	358	(17,214)
Non-hedging derivatives:			
- forward foreign exchange contracts	44,626	-	(3,291)
- commodities futures contracts	627,814	12,710	(8,631)
- interest rate swap contracts	1,040,531	-	(2,396)
	1,712,971	12,710	(14,318)
	2,288,514	13,068	(31,532)

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.29 Derivatives (continued)

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

	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<u>30 June 2016</u>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	522,365	6,992	(2,337)
- interest rate swap contracts	1,405,163	-	(40,268)
	<u>1,927,528</u>	<u>6,992</u>	<u>(42,605)</u>
Non-hedging derivatives:			
- forward foreign exchange contracts	47,464	778	(593)
- commodities futures contracts	354,659	16,354	(6,113)
	<u>402,123</u>	<u>17,132</u>	<u>(6,706)</u>
	<u>2,329,651</u>	<u>24,124</u>	<u>(49,311)</u>
<u>30 June 2017</u>			
Current			
Cash flow hedges:			
- forward foreign exchange contracts	897,851	7,722	(9,231)
- interest rate swap contracts	1,502,725	297	(1,563)
	<u>2,400,576</u>	<u>8,019</u>	<u>(10,794)</u>
Non-hedging derivatives:			
- forward foreign exchange contracts	494,886	6,029	(8,768)
- commodities futures contracts	914,087	42,136	(8,170)
	<u>1,408,973</u>	<u>48,165</u>	<u>(16,938)</u>
	<u>3,809,549</u>	<u>56,184</u>	<u>(27,732)</u>

The Group has 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 exposures ranging from one month to twelve months (30 June 2016: one month to twelve months; 30 June 2015: one month to twelve months, 1 July 2014: one month to twelve months).

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.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.29 Derivatives (continued)

These derivatives are entered into to hedge certain risks as described in Note 2.48(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 the end of the financial year, forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

	Within 1 year			
	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Forward contracts used to hedge anticipated sales				
- United States dollar	8,403	87,667	68,954	334,877
- European Union euro	-	23,999	8,656	11,862
- United Kingdom pound	-	-	-	17,792
Forward contracts used to hedge receivables				
- United States dollar	544,005	414,894	333,031	442,248
- European Union euro	16,940	33,110	64,408	4,411
- United Kingdom pound	-	-	14,301	5,761
Forward contracts used to hedge anticipated purchases				
- United States dollar	1,299	-	-	558,758
- European Union euro	-	-	-	13,357
Forward contracts used to hedge payables				
- United States dollar	-	60,499	80,479	3,671
	<u>570,647</u>	<u>620,169</u>	<u>569,829</u>	<u>1,392,737</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.29 Derivatives (continued)

(b) Commodities futures contracts

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

	Within 1 year			
	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Commodities contracts – buying				
- Ringgit Malaysia	41,248	75,216	141,556	220,331
- United States dollar	80,033	264,661	33,087	177,579
Commodities contracts – selling				
- Ringgit Malaysia	4,771	50,284	163,136	256,756
- United States dollar	64,577	237,653	16,394	259,421
- European Union euro	-	-	486	-
	<u>190,629</u>	<u>627,814</u>	<u>354,659</u>	<u>914,087</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.29 Derivatives (continued)

(c) Interest rate swap contracts

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

Type of interest rate swap	Effective period	Range of weighted average rate per annum		Notional amount in original currency		
		With swap	Without swap	2015 USD'000	2016 USD'000	2017 USD'000
Plain Vanilla	11 June 2015 to 11 August 2015	1.89	1.48	75,000	-	-
Plain Vanilla	15 June 2015 to 17 August 2015	1.84	1.48	75,000	-	-
Plain Vanilla	19 June 2015 to 17 August 2015	1.75	1.48	50,000	-	-
Plain Vanilla	30 June 2015 to 17 August 2015	1.78	1.48	75,000	-	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.89	1.96	-	75,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.84	1.96	-	75,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.75	1.96	-	50,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.78	1.96	-	75,000	-
Plain Vanilla	17 February 2016 to 17 August 2016	1.78	1.96	-	75,000	-
Plain Vanilla	17 February 2017 to 17 August 2017	1.89	2.44	-	-	75,000
Plain Vanilla	17 February 2017 to 17 August 2017	1.84	2.44	-	-	75,000
Plain Vanilla	17 February 2017 to 17 August 2017	1.75	2.44	-	-	50,000
Plain Vanilla	17 February 2017 to 17 August 2017	1.78	2.44	-	-	75,000
Plain Vanilla	17 February 2017 to 17 August 2017	1.78	2.44	-	-	75,000

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.29 Derivatives (continued)

(c) Interest rate swap contracts (continued)

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

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Notional amount				
Maturity periods:				
- due not later than one year	-	1,040,531	1,405,163	1,502,725
Fair value liabilities				
Maturity periods:				
- due not later than one year	-	(2,396)	(40,268)	(1,266)
2.30 Bank balances, deposits and cash				
	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Deposits with licensed banks	814,975	545,047	171,004	167,684
Cash at bank and in hand	374,335	557,368	465,336	545,764
	<u>1,189,310</u>	<u>1,102,415</u>	<u>636,340</u>	<u>713,448</u>
Effective annual interest rates applicable during the financial year are as follows:	%	%	%	%
Deposits with licensed banks	<u>4.23</u>	<u>4.48</u>	<u>4.22</u>	<u>3.52</u>

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

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

The currency exposure profile is disclosed in Note 2.48(c)(i).

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.31 Assets and liabilities held for sale

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

(a) Proposed disposal of property, plant and equipment

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

(b) Proposed divestment of subsidiary

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.31 Assets and liabilities held for sale (continued)

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
At 1 July	-	10,712	3,862
Transfers from/(to):			
- property, plant and equipment (Note 2.16)	10,299	-	127,617
- investment properties (Note 2.17)	-	188	-
- prepaid lease rentals (Note 2.19)	-	-	2,402
- intangible assets (Note 2.22)	-	-	1
- inventories	-	-	6,103
- trade and other receivables	-	-	20,401
- biological assets (Note 2.18)	-	-	80
- deferred tax assets (Note 2.24)	-	-	12,743
- tax recoverable	-	-	10,744
- trade and other payables	-	-	(10,987)
- retirement benefits (Note 2.37)	-	-	(4,500)
Disposals	-	(6,852)	-
Exchange differences	413	(186)	(267)
At 30 June	<u>10,712</u>	<u>3,862</u>	<u>168,199</u>

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

The Companies Act 2016 ("2016 Act") which came into effect from 31 January 2017 has repealed the Companies Act 1965. The 2016 Act abolished the concept of par or nominal value of shares and hence, the share premium, capital redemption reserve and authorised capital had been abolished. There is no impact on the number of ordinary shares in issue of 600,000,000 or the entitlement of the holder of the Company's ordinary shares.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Performance-based employee share scheme

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

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

The salient features of the PBESS are as follows:

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Performance-based employee share scheme (continued)

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Performance-based employee share scheme (continued)

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

2015 Group	Fair value at grant date (RM)	Number of ordinary shares in Sime Darby Berhad				
		At 1 July 2014	Granted	Transferred*	Forfeited	
First grant					At 30 June 2015	
GPS	7.737	1,241,549	-	2,397	(67,625)	1,176,321
DPS	8.583	1,757,450	-	3,674	(97,196)	1,663,928
GES	8.583	1,958,264	-	7,888	(94,304)	1,871,848
		4,957,263	-	13,959	(259,125)	4,712,097
Second grant						
GPS	7.243	-	1,261,100	5,030	(53,428)	1,212,702
DPS	8.181	-	1,782,500	7,338	(74,530)	1,715,308
GES	8.181	-	2,154,700	12,628	(74,167)	2,093,161
		-	5,198,300	24,996	(202,125)	5,021,171

* Transfer of employees between subsidiaries of Sime Darby Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Performance-based employee share scheme (continued)

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

2016 Group	Fair value at grant date (RM)	Number of ordinary shares in Sime Darby Berhad				
		At 1 July 2015	Granted	Transferred*	Forfeited	
First grant					At 30 June 2016	
GPS	7.737	1,176,321	-	(2,534)	(78,241)	1,095,546
DPS	8.583	1,663,928	-	(3,769)	(108,638)	1,551,521
GES	8.583	1,871,848	-	468	(99,090)	1,773,226
		4,712,097	-	(5,835)	(285,969)	4,420,293
Second grant						
GPS	7.243	1,212,702	-	(5,665)	(98,099)	1,108,938
DPS	8.181	1,715,308	-	(8,398)	(137,860)	1,569,050
GES	8.181	2,093,161	-	2,483	(121,056)	1,974,588
		5,021,171	-	(11,580)	(357,015)	4,652,576

* Transfer of employees between subsidiaries of Sime Darby Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Performance-based employee share scheme (continued)

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

2017 Group	Fair value at grant date (RM)	At 1 July 2016		Number of ordinary shares in Sime Darby Berhad At		
		Granted	Transferred*	Lapsed	30 June 2017	At
First grant						
GPS	7.737	-	-	(1,095,546)	-	-
DPS	8.583	-	-	(1,551,521)	-	-
GES	8.583	-	-	(1,773,226)	-	-
		4,420,293	-	(4,420,293)	-	-
Second grant						
GPS	7.243	-	8,420	(70,515)	1,046,843	
DPS	8.181	-	12,195	(99,231)	1,482,014	
GES	8.181	-	7,307	(145,478)	1,836,417	
		4,652,576	27,922	(315,224)	4,365,274	

* Transfer of employees between subsidiaries of Sime Darby Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.33 Performance-based employee share scheme (continued)

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

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

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

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

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

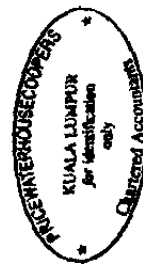
13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.34 Reserves

	Hedging reserve RM'000	Capital reserve RM'000	Available- for-sale reserve RM'000	Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Attributable to equity holder of the Company RM'000	Non- controll- ing interests RM'000	Total RM'000
At 1 July 2014	736	13,361	76,249	-	(17,696)	7,377,473	7,450,123	493,984	7,944,107
Profit for the financial year	-	-	-	-	-	997,113	997,113	34,333	1,031,446
Total other comprehensive (loss)/income for the financial year	(7,950)	-	(16,584)	507,513	-	(25,903)	457,976	24,803	482,779
Transactions with equity holder:	-	-	-	-	-	-	-	72,217	72,217
- acquisition of subsidiaries	-	-	-	495	-	(495)	-	-	-
- disposals of subsidiaries	-	-	-	-	-	(600,000)	(600,000)	(64,496)	(664,496)
- dividends	-	-	-	-	-	-	-	-	-
At 30 June 2015	(6,314)	13,361	59,665	508,008	(17,696)	7,748,188	8,305,212	560,841	8,866,053



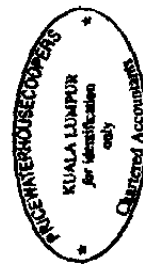
13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.34 Reserves (continued)

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



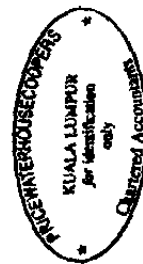
13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.34 Reserves (continued)

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



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

On 23 June 2017, the RM2.2 billion nominal value of Perpetual Subordinated Sukuk ("Perpetual Sukuk") was novated by the immediate holding company to the Company. The Perpetual Sukuk is rated AAAs 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 2.16(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.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 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
	1 July 2014	30 June 2015	30 June 2016	30 June 2017	
Subsidiaries consolidated under					
PT Minamas Gemilang:					
- PT Kartika Inti Perkasa	40.0	40.0	40.0	40.0	Indonesia
- PT Sritijaya Abaditama	40.0	40.0	40.0	40.0	Indonesia
- PT Asricipta Indah	10.0	10.0	10.0	10.0	Indonesia
- PT Bersama Sejahtera Sakti	8.9	8.9	8.9	8.9	Indonesia
- PT Laguna Mandiri	11.4	11.4	11.4	11.4	Indonesia
- PT Indotruba Tengah	50.0	50.0	50.0	50.0	Indonesia
- PT Tunggal Mitra Plantations	40.0	40.0	40.0	40.0	Indonesia
- PT Tamaco Graha Krida	10.0	10.0	10.0	10.0	Indonesia
- PT Bahari Gembira Ria	1.0	1.0	1.0	1.0	Indonesia
- PT Indo Sukses Lestari Makmur	5.0	5.0	5.0	5.0	Indonesia
- PT Mitra Austral Sejahtera	35.0	35.0	35.0	35.0	Indonesia
Subsidiaries consolidated under					
New Britain Palm Oil Limited:					
- PT Timbang Deli Indonesia	-	51.0	51.0	51.0	Indonesia
- Guadalcanal Plains Palm Oil Limited	-	20.0	20.0	20.0	Solomon Islands
- Verdant Bioscience Pte Ltd	-	48.0	48.0	48.0	Singapore
Wangsa Mujur Sdn Bhd	27.5	27.5	27.5	27.5	Malaysia

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information

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

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>2015</u>					
Revenue	2,115,640	682,184	87,927	1,172,369	4,058,120
Profit/(loss) for the financial year	382,708	37,507	(15,562)	38,211	442,864
Other comprehensive loss	(8,631)	-	-	(20)	(8,651)
Total comprehensive income/(loss)	374,077	37,507	(15,562)	38,191	434,213
Profit/(loss) allocated to non-controlling interests	36,490	(878)	(4,279)	3,000	34,333
Dividends paid to non-controlling interests	(63,215)	-	(455)	(826)	(64,496)

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	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
2016					
Revenue	2,291,795	2,044,149	83,659	1,306,738	5,726,341
Profit for the financial year	468,958	37,247	13,042	27,736	546,983
Other comprehensive income	334	-	-	-	334
Total comprehensive income	469,292	37,247	13,042	27,736	547,317
Profit/(loss) allocated to non-controlling interests	31,170	(4,551)	3,587	5,550	35,756
Dividends paid to non-controlling interests	(176,259)	-	-	(396)	(176,655)

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	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
2017					
Revenue	4,766,873	2,625,893	83,008	2,063,690	9,539,464
Profit/(loss) for the financial year	623,572	391,245	9,098	(2,148)	1,021,767
Other comprehensive income	12,750	-	-	-	12,750
Total comprehensive income/(loss)	636,322	391,245	9,098	(2,148)	1,034,517
Profit/(loss) allocated to non-controlling interests	37,344	4,875	2,502	(2,634)	42,087
Dividends paid to non-controlling Interests	(35,491)	(6,239)	(18,319)	-	(60,049)

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>1 July 2014</u>					
Non-current assets	2,427,944	-	126,828	342,971	2,897,743
Current assets	1,228,725	-	79,089	282,295	1,590,109
Non-current liabilities	(102,868)	-	(12,200)	(1,760)	(116,828)
Current liabilities	(423,778)	-	(12,669)	(160,479)	(596,926)
Net assets	3,130,023	-	181,048	463,027	3,774,098
Non-controlling interests' share of net assets	344,589	-	68,623	80,772	493,984

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000	Others RM'000	Total RM'000
30 June 2015					
Non-current assets	<u>2,771,881</u>	<u>4,180,468</u>	<u>129,132</u>	<u>420,244</u>	<u>7,501,725</u>
Current assets	<u>1,300,674</u>	<u>1,254,917</u>	<u>72,462</u>	<u>324,596</u>	<u>2,952,649</u>
Non-current liabilities	<u>(129,003)</u>	<u>(1,158,281)</u>	<u>(22,081)</u>	<u>(59,513)</u>	<u>(1,368,878)</u>
Current liabilities	<u>(838,398)</u>	<u>(892,727)</u>	<u>(13,831)</u>	<u>(239,652)</u>	<u>(1,984,608)</u>
Net assets	<u>3,105,154</u>	<u>3,384,377</u>	<u>165,682</u>	<u>445,675</u>	<u>7,100,888</u>
Non-controlling interests' share of net assets	<u>381,999</u>	<u>74,490</u>	<u>64,394</u>	<u>39,958</u>	<u>560,841</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	Subsidiaries of PT Minamas <u>Gemilang</u> RM'000	Subsidiaries of New Britain Palm <u>Oil Limited</u> RM'000	Wangsa Mujur <u>Sdn Bhd</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>30 June 2016</u>					
Non-current assets	<u>3,672,782</u>	<u>3,697,553</u>	<u>139,086</u>	<u>450,151</u>	<u>7,959,572</u>
Current assets	<u>942,141</u>	<u>1,211,008</u>	<u>75,693</u>	<u>375,788</u>	<u>2,604,630</u>
Non-current liabilities	<u>(167,115)</u>	<u>(1,423,537)</u>	<u>(24,851)</u>	<u>(121,872)</u>	<u>(1,737,375)</u>
Current liabilities	<u>(813,223)</u>	<u>(418,589)</u>	<u>(11,206)</u>	<u>(218,714)</u>	<u>(1,461,732)</u>
Net assets	<u>3,634,585</u>	<u>3,066,435</u>	<u>178,722</u>	<u>485,353</u>	<u>7,365,095</u>
Non-controlling interests' share of net assets	<u>252,373</u>	<u>88,328</u>	<u>67,981</u>	<u>46,277</u>	<u>454,959</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000	Others RM'000	Total RM'000
<u>30 June 2017</u>					
Non-current assets	4,041,913	4,652,776	157,738	502,682	9,355,109
Current assets	1,486,086	1,402,818	27,422	473,192	3,389,518
Non-current liabilities	(164,867)	(1,232,790)	(25,510)	(169,922)	(1,593,089)
Current liabilities	(1,050,923)	(667,439)	(10,677)	(319,475)	(2,048,514)
Net assets	4,312,209	4,155,365	148,973	486,477	9,103,024
Non-controlling interests' share of net assets	266,730	72,496	59,774	34,887	433,887

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New British Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000
<u>2016</u>			
Cash flows from operating activities			
Cash generated from operations	217,881	366,979	68,879
Tax paid	(204,342)	(36,777)	(359)
Net cash from operating activities	13,539	330,202	68,520
Net cash used in investing activities	(348,579)	(228,149)	(16,988)
Net cash used in financing activities	(193,680)	(111,956)	(389)
Net (decrease)/increase in cash and cash equivalents	(528,720)	(9,903)	51,143
Exchange differences	45,483	(15,736)	-
Cash and cash equivalents at beginning of the financial year	649,633	192,082	17,881
Cash and cash equivalents at end of the financial year	166,396	166,443	69,024

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.36 Non-controlling interests (continued)

Summarised financial information (continued)

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

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New British Palm Oil Limited RM'000	Wangsa Mujur Sdn Bhd RM'000
<u>2017</u>			
Cash flows from operating activities			
Cash generated from operations	751,264	847,448	31,971
Tax paid	(135,311)	(62,808)	(174)
Net cash from operating activities	615,953	784,640	31,797
Net cash used in investing activities	(504,258)	(343,329)	(12,632)
Net cash used in financing activities	(97,444)	(415,380)	(55,589)
Net increase/(decrease) in cash and cash equivalents	14,251	25,931	(36,424)
Exchange differences	9,116	11,624	-
Cash and cash equivalents at beginning of the financial year	166,396	166,443	69,024
Cash and cash equivalents at end of the financial year	189,763	203,998	32,600

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.37 Retirement benefits

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

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

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

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

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

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

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

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
At 1 July	147,967	175,642	224,090
Acquisition of subsidiary	280	-	-
Charge for the financial year (Note 2.6(d))	20,602	46,522	44,340
Actuarial loss/(gain) recognised in other comprehensive income	7,494	(446)	(17,230)
Contributions and benefits paid	(6,383)	(6,722)	(18,649)
Transfers to non-current assets held for sale (Note 2.31)	-	-	(4,500)
Exchange differences	5,682	9,094	9,799
At 30 June	<u>175,642</u>	<u>224,090</u>	<u>237,850</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.37 Retirement benefits (continued)

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

	1 July <u>2014</u> RM'000	30 June <u>2015</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2017</u> RM'000
Present value of funded obligations (Note 2.37(a))	354,360	435,394	466,126	611,379
Fair value of plan assets (Note 2.37(b))	<u>(252,149)</u>	<u>(309,820)</u>	<u>(296,253)</u>	<u>(377,513)</u>
	102,211	125,574	169,873	233,866
Present value of unfunded obligations (Note 2.37(a))	<u>45,756</u>	<u>50,068</u>	<u>54,217</u>	<u>3,984</u>
Net liabilities	<u><u>147,967</u></u>	<u><u>175,642</u></u>	<u><u>224,090</u></u>	<u><u>237,850</u></u>

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

	30 June <u>2015</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2017</u> RM'000
Current service cost	15,238	25,385	21,788
Past service cost	205	-	1,070
Interest cost	12,282	11,481	31,026
Expected return on plan assets	(7,582)	(6,574)	(5,987)
Contracted gratuity	459	16,230	4,511
Curtailement	-	-	(8,068)
Total included in employee benefits expense (Note 2.6(d))	<u><u>20,602</u></u>	<u><u>46,522</u></u>	<u><u>44,340</u></u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.37 Retirement benefits (continued)

The charge to profit or loss was included in operating expenses.

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
At 1 July	400,116	485,462	520,343
Acquisition of subsidiary	280	-	-
Current service cost	15,238	25,385	21,788
Past service cost	205	-	1,070
Interest cost	12,282	11,481	31,026
Contracted gratuity	459	16,230	4,511
Curtailement	-	-	(8,068)
Benefits paid- funded obligations	(6,869)	(4,637)	(22,538)
Benefits paid- unfunded obligations	(2,053)	(2,475)	-
Actuarial gains/(losses) recognised in other comprehensive income	67,120	(29,751)	31,697
Transfer to non-current assets held for sale (Note 2.31)	-	-	(4,500)
Exchange differences	(1,316)	18,648	40,034
At 30 June	<u>485,462</u>	<u>520,343</u>	<u>615,363</u>

(b) Changes in the fair value of plan assets

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

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

	1 July <u>2014</u> %	30 June <u>2015</u> %	30 June <u>2016</u> %	30 June <u>2017</u> %
Expected return on plan assets (per annum)	3.2 – 8.0	2.5 – 8.0	2.5 – 8.0	2.5 – 8.0
Discount rates (per annum)	3.2 – 8.5	2.5 – 8.3	2.5 – 8.3	2.5 – 8.3
Expected rate of salary increases (per annum)	1.5 – 8.0	1.5 – 8.2	1.5 – 8.2	1.5 – 8.2

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

The currency exposure profile is disclosed in Note 2.48(c)(i).

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
At 1 July	-	25,378	22,178
Drawdown during the financial year	26,340	-	17,629
Amortised during the financial year (Note 2.10)	(962)	(3,200)	(10,032)
At 30 June	<u>25,378</u>	<u>22,178</u>	<u>29,775</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.38 Borrowings (continued)

a. Term loans

The term loans include the following:

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

b. Revolving credits

The revolving credits include the following:

- i. The availability facility under the agreement has a maximum limit of USD330 million with an availability period of 3 years beginning from the signing date and ending on 2 January 2018 with a maturity date on 2 February 2018. The repayment is made in advance on 19 June 2017.
- ii. USD360 million 3-year unsecured term loan under revolving credit-i facility repayable at maturity on 19 June 2020.
- iii. USD60 million multi-currency revolving credit facility for advances of 1 week, 1 month, 3 months or 6 months tenor, or any other period agreeable to the bank commencing from the effective date of 12 January 2015. Outstanding balance as at 30 June 2017 was USD38 million, maturing on 6 July 2017.
- iv. EUR15 million uncommitted short-term revolving loans facility for period not exceeding 1 month or 3 months with availability period of up to one year with annual extension subject to annual review by the bank. Outstanding balance as at 30 June 2017 was EUR15 million maturing on 18 August 2017.
- v. Facility limit of IDR800 billion or its equivalent to USD, with availability period from 1 August 2016 to 31 July 2017 subject to Maturity by Origination. The facility was renewed for another year for the period of 1 August 2017 to 31 July 2018. Outstanding balance as at 30 June 2017 was USD9 million (30 June 2016: USD57 million, 30 June 2015: USD60 million, 1 July 2014: USD12 million) and will mature on 22 September 2017.

*(Note: Maturity by Origination, means, in relation to the Facility, the Repayment Date of each utilisation/Loan notwithstanding the fact that such Repayment Date falls beyond the Availability Period).

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.38 Borrowings (continued)

b. Revolving credits (continued)

The revolving credits include the following (continued):

- vi. Facility limit of IDR1 trillion or its equivalent in other currency with availability period of up to 12 months from the signing date. The loan agreement expired on 5 May 2017 and has been renewed on 5 May 2017 from the period up to 5 May 2018. Outstanding balance as at 30 June 2017 was IDR350 billion (30 June 2016: IDR Nil, 30 June 2015: IDR400 billion, 1 July 2014: IDR Nil) maturing on 3 July 2017.
- vii. USD40 million uncommitted short-term revolving loans facility for a period up to one year and automatically extended for a continuous one year period after each expiry date. Outstanding balance as at 30 June 2017 was USD40 million (30 June 2016, 30 June 2015 and 1 July 2014: USD Nil) maturing on 10 August 2017 (USD15.25 million) and 12 September 2017 (USD24.75 million) respectively.

c. Multi-currency Sukuk

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

On 18 April 2017, SDB invited eligible sukukholders to tender for its purchase of the outstanding Sukuk (the "Sukuk Tender Offer") and to consent to the substitution of SD Plantation in place of SDB in its capacities as Obligor, Seller and Lessee in respect of both tranches of the Sukuk (hereinafter referred to as "the consent solicitation"). Pursuant to the Sukuk Tender Offer, SDB has repurchased in part the 2018 Sukuk and 2023 Sukuk in an aggregate principal amount of USD350.4 million and USD277.5 million.

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.38 Borrowings (continued)

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.38 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):

	1 July 2014 %	30 June 2015 %	30 June 2016 %	30 June 2017 %
<u>Fixed interest rate</u>				
Bonds				
- European Union euro	-	-	2.90	2.90
<u>Distribution rate</u>				
Multi-currency Sukuk				
- United States dollar	-	-	-	2.05 – 3.29

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.39 Finance lease obligations

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Non-current	145,920	139,219	122,128	50,074
Current	5,842	6,804	6,483	2,993
	<u>151,762</u>	<u>146,023</u>	<u>128,611</u>	<u>53,067</u>
Minimum lease payments:				
- not later than 1 year	10,464	11,824	10,985	4,918
- later than 1 year and not later than 5 years	45,452	47,297	43,938	19,671
- later than 5 years	139,140	131,663	110,649	42,919
	<u>195,056</u>	<u>190,784</u>	<u>165,572</u>	<u>67,508</u>
Less: unexpired finance charges	(43,294)	(44,761)	(36,961)	(14,441)
	<u>151,762</u>	<u>146,023</u>	<u>128,611</u>	<u>53,067</u>
Present value of finance lease obligations:				
- not later than 1 year	5,842	6,804	6,483	2,993
- later than 1 year and not later than 5 years	29,189	29,579	27,844	13,188
- later than 5 years	116,731	109,640	94,284	36,886
	<u>151,762</u>	<u>146,023</u>	<u>128,611</u>	<u>53,067</u>

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.40	Deferred income	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
	Non-current				
	Government grant	<u>2,069</u>	<u>1,638</u>	<u>1,277</u>	<u>912</u>
	Current				
	Deferred freight income	<u>12,166</u>	<u>20,572</u>	<u>6,612</u>	<u>26,707</u>

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

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
Revenue recognised that was included in the balance at the beginning of the period	<u>12,166</u>	<u>20,572</u>	<u>6,612</u>
Consideration received for freight services that are partially or fully unsatisfied at the end of the period	<u>20,572</u>	<u>6,612</u>	<u>26,707</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.41 Trade and other payables

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Non-current				
Other payables	6,709	4,291	1,514	8,915
Current				
Trade payables	399,058	673,140	689,503	735,782
Accruals	592,273	711,602	412,800	636,675
Interest payable	745	18,044	44,381	35,791
Financial guarantee contracts (Note 2.41(a))	281	281	629	692
Goods and services tax/value added tax payable	12,506	13,901	11,093	19,284
Other payables	309,426	420,227	456,741	344,492
	<u>1,314,289</u>	<u>1,837,195</u>	<u>1,615,147</u>	<u>1,772,716</u>

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

(a) Financial guarantee contracts

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

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

The currency exposure profile is disclosed in Note 2.48(c)(i).

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.42 Acquisitions

(a) Acquisition of subsidiaries

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

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

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

(i) Acquisition of IECL

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.42 Acquisitions (continued)

(a) Acquisition of subsidiaries (continued)

(ii) Acquisition of NBPOL

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.42 Acquisitions (continued)

(a) Acquisition of subsidiaries (continued)

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

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

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

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

(b) Acquisition of business

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

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.43 Disposal

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

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.44 Contingent liabilities

Other than as disclosed in Notes 2.46 and 2.52(v), there are no significant contingent liabilities as at the year end.

2.45 Commitments

(a) Capital commitments

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

(b) Leases

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

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

(c) Plasma plantation

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

13. ACCOUNTANTS' REPORT (Cont'd)

**SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)****2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

2.46 Material litigation

Material litigation against the Group are as follows:

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

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

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

**SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)****2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

2.46 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)

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. To date, the Supreme Court has yet to make a decision.

The Directors are of the view that, based on legal advice, the Supreme Court should side with the District Court of Batulicin (which decided in favour of PT SHE) as the Banjarmasin High Court (which decided in favour of PT AS) has misapplied the law.

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.46 Material litigation (continued)

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

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

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

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

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

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

To that extent, South Jakarta District Court and Jakarta High Court, which previously adjudicated and examined this case, had rejected PT MAP and PT PS's lawsuit by referring to Judicial Review Decision. In response, PT MAP and PT PS filed an appeal to the Supreme Court. To date, the Supreme Court has yet to make a decision. Based on legal advice, the Directors are of the view that there is no legal ground for PT MAP to act as the holder of the disputed shares, as the shareholder registry of PT ITH has never recorded PT MAP as one of the holders of shares in PT ITH, including the disputed shares.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.46 Material litigation (continued)

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

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

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

The following 2 lawsuits are still pending:

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

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

The cargo underwriters for the 7 European cargo owners, including SD Unimills, had in January 2014 raised doubts on coverage under the cargo insurance certificates for the claims under Lawsuit 1 and Lawsuit 2, but are prepared to contribute to a settlement with a total sum of EUR583,000 (equivalent to RM2.9 million) for the 7 European cargo owners, of which SD Unimills' share is 27.25%. The appointed Greek lawyer is of the opinion that the storage fee claim in Lawsuit 1 will be unsuccessful. He estimates the exposure of SD Unimills at EUR389,060 (equivalent to RM2.0 million) for Lawsuit 1 and EUR18,087 (equivalent to RM91,000) for Lawsuit 2.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.47 Disclosures of significant related party transactions

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

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

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

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
(a) Transactions with fellow subsidiaries			
(i) Payroll, accounting and IT processing costs - Sime Darby Global Services Centre Sdn Bhd	<u>50,899</u>	<u>50,908</u>	<u>58,737</u>
(ii) Commission on purchase of FFB and sale of palm products - Sime Darby Holdings Berhad	<u>46,383</u>	<u>48,947</u>	<u>44,129</u>
(iii) Management fee expenses - Sime Darby Holdings Berhad	<u>31,827</u>	<u>29,909</u>	<u>39,988</u>
(iv) Interest expenses - Sime Darby Holdings Berhad	<u>263,098</u>	<u>369,453</u>	<u>359,858</u>
(v) Corporate social responsibility donation paid - Yayasan Sime Darby	<u>25,037</u>	<u>32,450</u>	<u>70,500</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)****2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.47 Disclosures of significant related party transactions (continued)**

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

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
(a) Transactions with fellow subsidiaries (continued)			
(vi) Purchase of heavy equipments, spare parts and services			
- Sime Darby Industrial Holdings Sdn Bhd	43,515	40,047	41,993
- Sime Kubota Sdn Bhd	13,859	5,593	9,042
(vii) Internal audit fees			
- Sime Darby Holdings Berhad	13,346	10,753	11,883
(viii) Purchase of chemicals and fertilisers			
- Chemical Company of Malaysia Berhad Group	87,270	121,585	20,671
(ix) Gains on sale of land			
- Sime Darby Elmina Development Sdn Bhd	212,460	-	-
- Sime Darby Property Berhad	-	209,628	-
- Kumpulan Sime Darby Berhad	-	-	2,468,521

The purchase consideration for the sale of lands to Sime Darby Elmina Development Sdn Bhd amounting to RM221.6 million, to Sime Darby Property Berhad amounting to RM215.7 million and to Kumpulan Sime Darby Berhad amounting to RM2,503 million (Note 2.47(d)(iii)), were arrived at after considering their market values as determined by independent external professional valuers.

(b) Transactions with immediate holding company			
	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
(i) Dividend payable	600,000	700,000	900,000
(ii) Payment on behalf	252,724	79,487	956,320
(c) Transaction with joint venture			
(i) Sale of goods and tolling services			
- Emery Oleochemicals (M) Sdn Bhd	48,763	51,075	39,348

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.47 Disclosures of significant related party transactions (continued)

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

(d) Significant non-cash transactions

As part of the pre-listing restructuring exercise as set out in Note 1.1 to the consolidated financial statements, the significant non-cash related party transactions as set out below were entered during the financial year ended 30 June 2017 to settle against the amount due to Sime Darby Holdings Berhad, a fellow subsidiary of the Company:

	2017 RM'000
(i) Assignment of Multi-currency Sukuk from Sime Darby Holdings Berhad (Note 2.38(c))	738,959
(ii) Novation of Perpetual Sukuk from SDB (Note 2.35)	2,228,660
(iii) Proceeds from sales of MVV Land 1 to Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of SDB (Note 2.47(a)(ix))	<u>2,503,000</u>

(e) Directors' and key management's remuneration

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

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

(f) The outstanding balances with immediate holding company and fellow subsidiaries within the SDB Group are shown in Note 2.28. The significant outstanding balances with other related parties are as follows:

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments

(a) Financial instruments by category

Financial assets and financial liabilities are categorised as follows:

	Derivatives used for <u>hedging</u> RM'ooo	Fair value through the profit or loss - held for <u>trading</u> RM'ooo	Loans and receivables at amortised <u>cost</u> RM'ooo	Available- for-sale financial <u>assets</u> RM'ooo	<u>Total</u> RM'ooo
1 July 2014					
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	79,658	79,658
Trade and other receivables	-	-	335,701	-	335,701
CURRENT ASSETS					
Trade and other receivables	-	-	1,613,916	-	1,613,916
Amounts due from fellow subsidiaries	-	-	231,786	-	231,786
Available-for-sale investments	-	-	-	20,449	20,449
Derivatives	1,490	8,870	-	-	10,360
Bank balances, deposits and cash	-	-	1,189,310	-	1,189,310
Total financial assets	1,490	8,870	3,370,713	100,107	3,481,180

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for hedging RM'000	Fair value through the profit or loss - held for trading RM'000	Financial guarantee contracts RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
<u>1 July 2014</u> (continued)					
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	460,000	460,000
Amounts due to fellow subsidiaries	-	-	-	1,175,537	1,175,537
Other payables	-	-	-	6,709	6,709
CURRENT LIABILITIES					
Trade and other payables	-	-	281	1,301,502	1,301,783
Borrowings	-	-	-	138,679	138,679
Amount due to immediate holding company	-	-	-	647,970	647,970
Amounts due to fellow subsidiaries	-	-	-	3,824,949	3,824,949
Derivatives	162	5,345	-	-	5,507
Total financial liabilities	162	5,345	281	7,555,346	7,561,134

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for hedging RM'000	Fair value through the 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
30 June 2015					
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	89,001	89,001
Trade and other receivables	-	-	352,386	-	352,386
CURRENT ASSETS					
Trade and other receivables	-	-	2,015,153	-	2,015,153
Amounts due from fellow subsidiaries	-	-	227,829	-	227,829
Available-for-sale investments	-	-	-	14,207	14,207
Derivatives	358	12,710	-	-	13,068
Bank balances, deposits and cash	-	-	1,102,415	-	1,102,415
Total financial assets	358	12,710	3,697,783	103,208	3,814,059

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for hedging RM'000	Fair value through the profit or loss - held for trading RM'000	Financial guarantee contracts RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
30 June 2015 (continued)					
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	3,592,019	3,592,019
Amount due to a fellow subsidiary	-	-	-	700,000	700,000
Other payables	-	-	-	4,291	4,291
CURRENT LIABILITIES					
Trade and other payables	-	-	281	1,823,013	1,823,294
Borrowings	-	-	-	1,184,685	1,184,685
Amount due to immediate holding company	-	-	-	395,246	395,246
Amounts due to fellow subsidiaries	-	-	-	7,508,618	7,508,618
Derivatives	17,214	14,318	-	-	31,532
Total financial liabilities	<u>17,214</u>	<u>14,318</u>	<u>281</u>	<u>15,207,872</u>	<u>15,239,685</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for hedging RM'000	Fair value through the 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
30 June 2016					
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	109,004	109,004
Trade and other receivables	-	-	412,612	-	412,612
CURRENT ASSETS					
Trade and other receivables	-	-	1,772,826	-	1,772,826
Amounts due from fellow subsidiaries	-	-	76,244	-	76,244
Available-for-sale investments	-	-	-	13,705	13,705
Derivatives	6,992	17,132	-	-	24,124
Bank balances, deposits and cash	-	-	636,340	-	636,340
Total financial assets	6,992	17,132	2,898,022	122,709	3,044,855

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for hedging RM'000	Fair value through the profit or loss - held for trading RM'000	Financial guarantee contracts RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
30 June 2016 (continued)					
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	4,551,977	4,551,977
Amount due to a fellow subsidiary	-	-	-	7,477,346	7,477,346
Other payables	-	-	-	1,514	1,514
CURRENT LIABILITIES					
Trade and other payables	-	-	629	1,603,425	1,604,054
Borrowings	-	-	-	970,388	970,388
Amount due to immediate holding company	-	-	-	705,759	705,759
Amounts due to fellow subsidiaries	-	-	-	101,835	101,835
Derivatives	42,605	6,706	-	-	49,311
Total financial liabilities	42,605	6,706	629	15,412,244	15,462,184

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for hedging RM'000	Fair value through the 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
<u>30 June 2017</u>					
NON-CURRENT ASSETS					
Available-for-sale investments	-	-	-	110,389	110,389
Trade and other receivables	-	-	82,802	-	82,802
CURRENT ASSETS					
Trade and other receivables	-	-	2,146,076	-	2,146,076
Amounts due from subsidiaries	-	-	43,031	-	43,031
Derivatives	8,019	48,165	-	-	56,184
Bank balances, deposits and cash	-	-	713,448	-	713,448
Total financial assets	<u>8,019</u>	<u>48,165</u>	<u>2,985,357</u>	<u>110,389</u>	<u>3,151,930</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(a) Financial instruments by category (continued)

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

	Derivatives used for <u>hedging</u> RM'000	Fair value through the profit or loss - held for <u>trading</u> RM'000	Financial guarantee <u>contracts</u> RM'000	Financial liabilities at amortised <u>costs</u> RM'000	<u>Total</u> RM'000
<u>30 June 2017</u> (continued)					
NON-CURRENT LIABILITIES					
Borrowings	-	-	-	6,412,478	6,412,478
Other payables	-	-	-	8,915	8,915
CURRENT LIABILITIES					
Trade and other payables	-	-	692	1,752,740	1,753,432
Borrowings	-	-	-	1,325,449	1,325,449
Amount due to immediate holding company	-	-	-	145,392	145,392
Amounts due to fellow subsidiaries	-	-	-	1,441,523	1,441,523
Derivatives	10,794	16,938	-	-	27,732
Total financial liabilities	<u>10,794</u>	<u>16,938</u>	<u>692</u>	<u>11,086,497</u>	<u>11,114,921</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

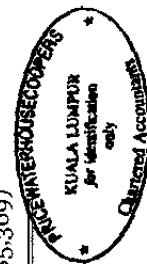
(b) Income, expenses, gains and losses on financial instruments

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

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

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

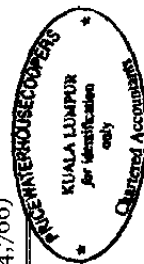
(b) Income, expenses, gains and losses on financial instruments (continued)

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

	Fair value through the profit and loss - held for trading				Loans and receivables RM'000	Available- for-sale financial assets RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
	Derivatives used for hedging	Forward foreign exchange contracts RM'000	Commodities forward contracts RM'000	Interest rate swap contracts RM'000				
2016								
Operating expenses								
- impairment of trade and other receivables	-	-	-	-	(9,772)	-	-	(9,772)
- bad debts written off	-	-	-	-	(4,575)	-	-	(4,575)
Other operating income								
- reversal of impairment of trade and other receivables	-	-	-	-	19,641	-	-	19,641
Other gains and losses								
- net change in fair value	9,293	3,476	6,162	-	-	-	-	18,931
Finance income	-	-	-	-	43,763	-	-	43,763
Finance costs	-	-	-	2,396	-	(545,538)	-	(543,142)
Other comprehensive income/(loss):								
- net change in fair value	12,218	-	-	(40,268)	-	-	-	(9,612)
At 30 June 2016	21,511	3,476	6,162	(37,872)	49,057	18,438	18,438	(484,766)

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

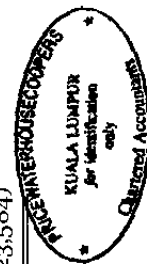
(b) Income, expenses, gains and losses on financial instruments (continued)

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

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

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(c) Financial risk management objectives and policies

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

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

(i) Foreign currency exchange risk

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

	Functional currency RM'000	Other than functional currency RM'000	Total revenue RM'000
<u>2015</u>			
Transacted currency			
Ringgit Malaysia	3,090,715	-	3,090,715
United States dollar	559,199	2,062,125	2,621,324
Indonesian rupiah	1,236,818	-	1,236,818
European Union euro	1,269,996	-	1,269,996
Singapore dollar	-	31,492	31,492
Thailand baht	899,511	-	899,511
Vietnamese dong	265,275	-	265,275
South African rand	611,524	-	611,524
United Kingdom pound	143,700	18,969	162,669
Papua New Guinea kina	-	114,080	114,080
Other currencies	637	-	637
	<u>8,077,375</u>	<u>2,226,666</u>	<u>10,304,041</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(i) Foreign currency exchange risk (continued)

	Functional currency RM'ooo	Other than functional currency RM'ooo	Total revenue RM'ooo
<u>2016</u>			
Transacted currency			
Ringgit Malaysia	2,060,486	-	2,060,486
United States dollar	1,129,070	3,833,486	4,962,556
Indonesian rupiah	885,690	-	885,690
European Union euro	1,484,035	2,449	1,486,484
Singapore dollar	30,318	-	30,318
Thailand baht	912,597	-	912,597
Vietnamese dong	324,672	-	324,672
South African rand	581,516	-	581,516
United Kingdom pound	409,819	24,385	434,204
Papua New Guinea kina	-	235,423	235,423
Other currencies	-	32,518	32,518
	7,818,203	4,128,261	11,946,464
<u>2017</u>			
Transacted currency			
Ringgit Malaysia	2,761,839	-	2,761,839
United States dollar	1,049,716	5,069,679	6,119,395
Indonesian rupiah	1,090,288	9,839	1,100,127
European Union euro	1,775,680	32,574	1,808,254
Singapore dollar	29,291	-	29,291
Thailand baht	1,218,682	-	1,218,682
Vietnamese dong	299,894	-	299,894
South African rand	691,076	-	691,076
United Kingdom pound	430,079	42,340	472,419
Papua New Guinea kina	-	271,716	271,716
Other currencies	-	6,688	6,688
	9,346,545	5,432,836	14,779,381

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(i) Foreign currency exchange risk (continued)

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

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 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:

	United States <u>dollar</u> RM'000	European Union <u>euro</u> RM'000	<u>Others</u> RM'000	Denominated in functional <u>currencies</u> RM'000	<u>Total</u> RM'000
<u>1 July 2014</u>					
Available-for-sale investments					
- non-current	-	-	-	79,658	79,658
- current	-	-	-	20,449	20,449
Trade and other receivables (net)					
- non-current	-	-	-	335,701	335,701
- current	702,811	-	9,592	901,513	1,613,916
Bank balances, deposits and cash	157,935	-	14,077	1,017,298	1,189,310
Amounts due from fellow subsidiaries	-	-	-	231,786	231,786
Derivatives	9,547	-	510	303	10,360
Long-term borrowings	-	-	-	(460,000)	(460,000)
Short-term borrowings	(38,679)	-	-	(100,000)	(138,679)
Amount due to immediate holding company	-	-	-	(647,970)	(647,970)
Amounts due to fellow subsidiaries					
- non-current	-	-	-	(1,175,537)	(1,175,537)
- current	-	-	-	(3,824,949)	(3,824,949)
Trade and other payables					
- non-current	-	-	-	(6,709)	(6,709)
- current	(31,939)	-	(91,863)	(1,177,981)	(1,301,783)
Derivatives	(4,258)	-	-	(1,249)	(5,507)
	<u>795,417</u>	<u>-</u>	<u>(67,684)</u>	<u>(4,807,687)</u>	<u>(4,079,954)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 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):

	United States dollar RM'000	European Union euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
30 June 2015					
Available-for-sale investments					
- non-current	19,687	-	-	69,314	89,001
- current	-	-	-	14,207	14,207
Trade and other receivables (net)					
- non-current	-	-	-	352,386	352,386
- current	713,166	1,060	276,714	1,024,213	2,015,153
Bank balances, deposits and cash	181,706	1,431	92,917	826,361	1,102,415
Amounts due from fellow subsidiaries	-	-	-	227,829	227,829
Derivatives	10,113	-	-	2,955	13,068
Long-term borrowings	(3,115,135)	-	(106,924)	(369,960)	(3,592,019)
Short-term borrowings	(75,699)	-	(13,797)	(1,095,189)	(1,184,685)
Amount due to immediate holding company	-	-	-	(395,246)	(395,246)
Amounts due to fellow subsidiaries					
- non-current	-	-	-	(700,000)	(700,000)
- current	-	-	-	(7,508,618)	(7,508,618)
Trade and other payables					
- non-current	-	-	-	(4,291)	(4,291)
- current	(132,138)	(129)	(68,872)	(1,622,155)	(1,823,294)
Derivatives	(27,803)	(2,492)	-	(1,237)	(31,532)
	<u>(2,426,103)</u>	<u>(130)</u>	<u>180,038</u>	<u>(9,179,431)</u>	<u>(11,425,626)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 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 is as follows (continued):

	United States dollar RM'000	European Union euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<u>30 June 2016</u>					
Available-for-sale investments					
- non-current	20,749	-	-	88,255	109,004
- current	-	-	-	13,705	13,705
Trade and other receivables (net)					
- non-current	17,371	-	-	395,241	412,612
- current	372,844	107	173,386	1,226,489	1,772,826
Bank balances, deposits and cash	55,188	1,012	37,050	543,090	636,340
Amounts due from fellow subsidiaries	-	-	-	76,244	76,244
Derivatives	7,074	1,474	1,112	14,464	24,124
Long-term borrowings	(3,310,065)	-	-	(1,241,912)	(4,551,977)
Short-term borrowings	(70,841)	-	-	(899,547)	(970,388)
Amount due to immediate holding company	-	-	-	(705,759)	(705,759)
Amounts due to fellow subsidiaries					
- non-current	-	-	-	(7,477,346)	(7,477,346)
- current	-	-	-	(101,835)	(101,835)
Trade and other payables					
- non-current	-	-	-	(1,514)	(1,514)
- current	(148,056)	(740)	(77,076)	(1,378,182)	(1,604,054)
Derivatives	(44,675)	(255)	-	(4,381)	(49,311)
	<u>(3,100,411)</u>	<u>1,598</u>	<u>134,472</u>	<u>(9,452,988)</u>	<u>(12,417,329)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 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):

	United States dollar RM'000	European Union euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<u>30 June 2017</u>					
Available-for-sale investments					
- non-current	22,769	-	-	87,620	110,389
Trade and other receivables (net)					
- non-current	-	-	82,802	-	82,802
- current	332,376	9,387	108,187	1,696,126	2,146,076
Bank balances, deposits and cash	87,455	5,900	58,814	561,279	713,448
Amounts due from fellow subsidiaries	-	-	-	43,031	43,031
Derivatives	14,273	413	664	40,834	56,184
Long-term borrowings	(5,141,209)	-	-	(1,271,269)	(6,412,478)
Short-term borrowings	(451,324)	-	-	(874,125)	(1,325,449)
Amount due to immediate holding company	-	-	-	(145,392)	(145,392)
Amounts due to fellow subsidiaries					
- non-current	-	-	-	-	-
- current	-	-	-	(1,441,523)	(1,441,523)
Trade and other payables					
- non-current	-	-	-	(8,915)	(8,915)
- current	(79,795)	(3,458)	(132,253)	(1,537,926)	(1,753,432)
Derivatives	(24,424)	(355)	(56)	(2,897)	(27,732)
	<u>(5,239,879)</u>	<u>11,887</u>	<u>118,158</u>	<u>(2,853,157)</u>	<u>(7,962,991)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 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 1 July 2014, 30 June 2015, 30 June 2016 and 30 June 2017, 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, the Group's profit after tax will improve/(decline) by:

Major currency	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
<u>1 July 2014</u>					
United States dollar					
- Assets	10%	870,293	544,005	87,029	32,629
- Liabilities	10%	(74,876)	-	(7,488)	(7,488)
<u>30 June 2015</u>					
United States dollar					
- Assets	10%	924,672	414,894	92,467	50,978
- Liabilities	10%	(3,350,775)	(60,499)	(335,078)	(329,028)
European Union euro					
- Assets	10%	2,491	33,110	249	-
- Liabilities	10%	(2,621)	-	(262)	(262)
<u>30 June 2016</u>					
United States dollar					
- Assets	10%	473,226	333,031	47,323	14,020
- Liabilities	10%	(3,573,637)	(80,479)	(357,364)	(349,316)
European Union euro					
- Assets	10%	2,593	64,408	259	-
- Liabilities	10%	(995)	-	(100)	(100)
<u>30 June 2017</u>					
United States dollar					
- Assets	10%	456,873	442,248	45,687	1,463
- Liabilities	10%	(5,696,752)	(3,671)	(569,675)	(569,308)
European Union euro					
- Assets	10%	15,700	4,411	1,570	1,129
- Liabilities	10%	(3,813)	-	(381)	(381)

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 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 does 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 year and at the end of the reporting period, the Group's profit after tax and equity will improve/(decline) by:

<u>Currency of foreign operations</u>	<u>Profit after tax</u>	<u>Strengthened against RM by</u>	<u>Impact on profit after tax</u>
<u>2015</u>			
Indonesian rupiah	391,632	10%	39,163
United States dollar	60,890	10%	6,089
<u>2016</u>			
Indonesian rupiah	483,803	10%	48,380
United States dollar	31,238	10%	3,124
<u>2017</u>			
Indonesian rupiah	501,209	10%	50,121
United States dollar	283,347	10%	28,335

A similar percentage decrease in the exchange rate would have an equal but opposite effect.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(ii) Interest rate risk

The Group'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 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.

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 year are as follows:

	1 July 2014 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2017 RM'000
Total borrowings	<u>598,679</u>	<u>4,776,704</u>	<u>5,522,365</u>	<u>7,737,927</u>
Fixed rate borrowings	-	-	446,280	489,717
Floating rate borrowings (swapped to fixed)	-	1,040,531	1,405,163	1,502,725
Total fixed rate after swap	<u>-</u>	<u>1,040,531</u>	<u>1,851,443</u>	<u>1,992,442</u>
Percentage of fixed rate borrowings over total borrowings				
- before swap (%)	-	-	8%	6%
- after swap (%)	-	22%	34%	26%

As at 30 June 2017, all of the Group's floating rate borrowings (after interest swap contracts) stood at RM5,745 million (30 June 2016: RM3,671 million, 30 June 2015: RM3,736 million, 1 July 2014: RM599 million). The following table demonstrates the effects of changes in interest rate on fixed and floating rate borrowings. If the interest rate increased by 1%, the Group's profit after tax will be higher/(lower) by:

	2015 RM'000	2016 RM'000	2017 RM'000
Profit after tax	<u>(47,767)</u>	<u>(55,224)</u>	<u>(77,379)</u>

A 1% decrease in interest rate would have an equal but opposite effect.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iii) Credit risk

Credit risk arises on sales made on credit terms, derivatives with positive fair value and deposits with banks.

The Group seeks 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 of 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.

The Group is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures. Management is of the view that the financial guarantee contracts are unlikely to be called by the lenders.

The Group receives collateral at the end of the reporting period, summarised as follows:

<u>1 July 2014</u>	<u>Maximum exposure</u> RM'000	<u>Collateral and credit enhancement</u> RM'000
Trade and other receivables (net)		
- non-current	335,701	-
- current	1,613,916	456,145
Amounts due from fellow subsidiaries	231,786	-
Derivatives	10,360	-
Bank balances, deposits and cash	1,189,310	-
Guarantees in respect of credit facilities granted to:		
- a joint venture	14,897	-
- plasma stakeholders	61,524	-
	<u>3,457,494</u>	<u>456,145</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iii) Credit risk (continued)

The Group receives collateral at the end of the reporting period, summarised as follows (continued):

<u>30 June 2015</u>	<u>Maximum exposure</u> RM'000	<u>Collateral and credit enhancement</u> RM'000
Trade and other receivables (net)		
- non-current	352,386	-
- current	2,015,153	6,280
Amounts due from fellow subsidiaries	227,829	-
Derivatives	13,068	-
Bank balances, deposits and cash	1,102,415	-
Guarantees in respect of credit facilities granted to:		
- a joint venture	6,588	-
- plasma stakeholders	79,157	-
	<u>3,796,596</u>	<u>6,280</u>
 <u>30 June 2016</u>		
Trade and other receivables (net)		
- non-current	412,612	-
- current	1,772,826	11,177
Amounts due from fellow subsidiaries	76,244	-
Derivatives	24,124	-
Bank balances, deposits and cash	636,340	-
Guarantees in respect of credit facilities granted to:		
- a joint venture	28,060	-
- plasma stakeholders	61,568	-
	<u>3,011,774</u>	<u>11,177</u>
 <u>30 June 2017</u>		
Trade and other receivables (net)		
- non-current	82,802	-
- current	2,146,076	32,985
Amounts due from fellow subsidiaries	43,031	-
Derivatives	56,184	-
Bank balances, deposits and cash	713,448	-
Guarantees in respect of credit facilities granted to:		
- a joint venture	25,901	-
- plasma stakeholders	69,268	-
	<u>3,136,710</u>	<u>32,985</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iii) Credit risk (continued)

The credit risk concentration profile of the Group's trade receivables by country where the Group operates and by business segments at the end of the reporting date is as follows:

	<u>Upstream activities</u> RM'000	<u>Downstream activities</u> RM'000	<u>Trading and others</u> RM'000	<u>Total</u> RM'000
<u>1 July 2014</u>				
Malaysia	304,829	125,848	409,744	840,421
Indonesia	11,740	63,017	867	75,624
Thailand	-	94,374	-	94,374
Vietnam	-	22,101	-	22,101
Singapore	-	29,543	-	29,543
Europe	-	278,370	-	278,370
Africa	-	94,408	-	94,408
	<u>316,569</u>	<u>707,661</u>	<u>410,611</u>	<u>1,434,841</u>
In percentage (%)				
Malaysia	21.2	8.8	28.6	58.6
Indonesia	0.8	4.4	0.1	5.3
Thailand	-	6.6	-	6.6
Vietnam	-	1.5	-	1.5
Singapore	-	2.1	-	2.1
Europe	-	19.4	-	19.4
Africa	-	6.5	-	6.5
	<u>22.0</u>	<u>49.3</u>	<u>28.7</u>	<u>100.0</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iii) Credit risk (continued)

The credit risk concentration profile of the Group's trade receivables by country where the Group operates and by business segments at the end of the reporting date is as follows (continued):

	Upstream activities RM'000	Downstream activities RM'000	Trading and others RM'000	Total RM'000
<u>30 June 2015</u>				
Malaysia	97,786	227,110	549,393	874,289
Indonesia	5,204	-	2,386	7,590
Papua New Guinea	123,104	17,771	-	140,875
Thailand	-	105,631	-	105,631
Vietnam	-	19,853	-	19,853
Singapore	-	17,793	-	17,793
Solomon Island	842	-	-	842
Europe	-	374,963	-	374,963
Africa	-	117,806	-	117,806
	<u>226,936</u>	<u>880,927</u>	<u>551,779</u>	<u>1,659,642</u>
 In percentage (%)				
Malaysia	5.9	13.7	33.2	52.8
Indonesia	0.3	-	0.1	0.4
Papua New Guinea	7.4	1.1	-	8.5
Thailand	-	6.4	-	6.4
Vietnam	-	1.2	-	1.2
Singapore	-	1.1	-	1.1
Solomon Island	0.1	-	-	0.1
Europe	-	22.6	-	22.6
Africa	-	6.9	-	6.9
	<u>13.7</u>	<u>53.0</u>	<u>33.3</u>	<u>100.0</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iii) Credit risk (continued)

The credit risk concentration profile of the Group's trade receivables by country where the Group operates and by business segments at the end of the reporting date is as follows (continued):

	Upstream activities RM'000	Downstream activities RM'000	Trading and others RM'000	Total RM'000
<u>30 June 2016</u>				
Malaysia	34,697	233,299	251,641	519,637
Indonesia	12,714	127	1,662	14,503
Papua New Guinea	203,630	-	-	203,630
Thailand	-	100,574	-	100,574
Vietnam	-	17,172	-	17,172
Singapore	-	6,355	7,608	13,963
Solomon Island	1,743	-	-	1,743
Europe	-	406,245	-	406,245
Africa	-	126,516	-	126,516
	<u>252,784</u>	<u>890,288</u>	<u>260,911</u>	<u>1,403,983</u>
In percentage (%)				
Malaysia	2.5	16.6	17.9	37.0
Indonesia	0.9	-	0.1	1.0
Papua New Guinea	14.5	-	-	14.5
Thailand	-	7.2	-	7.2
Vietnam	-	1.2	-	1.2
Singapore	-	0.6	0.5	1.1
Solomon Island	0.1	-	-	0.1
Europe	-	28.9	-	28.9
Africa	-	9.0	-	9.0
	<u>18.0</u>	<u>63.5</u>	<u>18.5</u>	<u>100.0</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iii) Credit risk (continued)

The credit risk concentration profile of the Group's trade receivables by country where the Group operates and by business segments at the end of the reporting date is as follows (continued):

	Upstream activities RM'000	Downstream activities RM'000	Trading and others RM'000	Total RM'000
<u>30 June 2017</u>				
Malaysia	126,936	289,790	287,311	704,037
Indonesia	7,552	27	754	8,333
Papua New Guinea	233,765	-	-	233,765
Thailand	-	144,421	-	144,421
Vietnam	-	13,875	-	13,875
Singapore	-	9,045	-	9,045
Solomon Island	1,522	-	-	1,522
Europe	-	153,847	-	153,847
United Kingdom	-	129,661	-	129,661
Africa	-	98,075	-	98,075
	<u>369,775</u>	<u>838,741</u>	<u>288,065</u>	<u>1,496,581</u>
In percentage (%)				
Malaysia	8.5	19.3	19.2	47.0
Indonesia	0.5	-	-	0.5
Papua New Guinea	15.6	-	-	15.6
Thailand	-	9.7	-	9.7
Vietnam	-	0.9	-	0.9
Singapore	-	0.6	-	0.6
Solomon Island	0.1	-	-	0.1
Europe	-	10.3	-	10.3
United Kingdom	-	8.7	-	8.7
Africa	-	6.6	-	6.6
	<u>24.7</u>	<u>56.1</u>	<u>19.2</u>	<u>100.0</u>

13. ACCOUNTANTS' REPORT (Cont'd)

**SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)****2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

2.48 Financial instruments (continued)

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

(iv) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to this risk arises primarily from mismatches of maturities of financial assets and liabilities. To mitigate this risk 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.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iv) Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the Group's financial liabilities as at 1 July 2014 are as follows:

	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
1 July 2014						
Trade and other payables	1,300,757	6,709	-	-	1,307,466	1,307,466
Borrowings						
- principal	138,679	90,000	370,000	-	598,679	598,679
- interest	19,090	16,220	24,852	-	60,162	745
Financial guarantee contracts	76,421	-	-	-	76,421	281
Financial lease obligations	10,464	11,363	34,089	139,140	195,056	151,762
Intra-group payables	4,472,919	475,537	-	700,000	5,648,456	5,648,456
Derivatives:						
- gross settled	691,928	-	-	-	691,928	5,507
	<u>6,710,258</u>	<u>599,829</u>	<u>428,941</u>	<u>839,140</u>	<u>8,578,168</u>	<u>7,712,896</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iv) Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the Group's financial liabilities as at 30 June 2015 are as follows:

	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
30 June 2015						
Trade and other payables	1,804,969	4,291	-	-	1,809,260	1,809,260
Borrowings						
- principal	1,184,685	216,884	2,542,620	832,515	4,776,704	4,776,704
- interest	92,254	63,445	108,661	18,404	282,764	18,044
Financial guarantee contracts	85,745	-	-	-	85,745	281
Finance lease obligations	11,824	11,824	35,473	131,663	190,784	146,023
Intra-group payables	7,903,864	-	-	700,000	8,603,864	8,603,864
Derivatives:						
- gross settled	960,046	-	-	-	960,046	31,532
	12,043,387	296,444	2,686,754	1,682,582	16,709,167	15,385,708

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

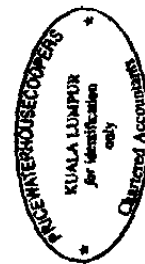
2.48 Financial instruments (continued)

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

(iv) Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the Group's financial liabilities as at 30 June 2016 are as follows:

	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
30 June 2016						
Trade and other payables	1,559,044	1,514	-	-	1,560,558	1,560,558
Borrowings						
- principal	970,388	1,805,660	1,738,537	1,007,780	5,522,365	5,522,365
- interest	143,835	93,287	137,093	123,970	498,185	44,381
Financial guarantee contracts	24,210	15,456	36,871	13,091	89,628	629
Finance lease obligations	10,985	10,985	32,953	110,649	165,572	128,611
Intra-group payables	807,594	6,777,346	-	700,000	8,284,940	8,284,940
Derivatives:						
- gross settled	744,472	-	-	-	744,472	49,311
	4,260,528	8,704,248	1,945,454	1,955,490	16,865,720	15,590,795



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(iv) Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the Group's financial liabilities as at 30 June 2017 are as follows:

	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
30 June 2017						
Trade and other payables	1,716,949	-	68	8,847	1,725,864	1,725,864
Borrowings						
- principal	1,325,449	684,998	4,690,524	1,036,956	7,737,927	7,737,927
- interest	236,492	208,056	393,794	159,197	997,539	35,791
Financial guarantee contracts	19,354	15,780	42,764	19,431	97,329	692
Finance lease obligations	4,918	4,918	14,753	42,919	67,508	53,067
Intra-group payables	1,586,915	-	-	-	1,586,915	1,586,915
Derivatives:						
- gross settled	1,790,647	-	-	-	1,790,647	27,732
	<u>6,680,724</u>	<u>913,752</u>	<u>5,141,903</u>	<u>1,267,350</u>	<u>14,003,729</u>	<u>11,167,988</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

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

(v) Price risk

The Group is largely exposed to commodity price risk due to fluctuations in crude palm oil futures prices.

The Group enters into commodity futures contracts to minimise exposure to adverse movements in crude palm oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Contracts that are not held for the purpose of physical delivery are accounted for as derivatives and are disclosed in Note 2.29(b).

	<u>Maturity period</u> Months	<u>Tonnage</u> Tonnes	Average contract price per tonne RM
<u>2015</u>			
Sales contracts	1- 12	116,751	2,466
Purchase contracts	1- 12	142,038	2,393
<u>2016</u>			
Sales contracts	1- 12	67,741	2,657
Purchase contracts	1- 12	69,218	2,045
<u>2017</u>			
Sales contracts	1- 12	168,069	3,071
Purchase contracts	1- 12	140,697	2,828

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(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;
- (iii) Level 3 - Valuation inputs that are not based on observable market data.

The following table presents the Group'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:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>1 July 2014</u>				
Financial assets				
Available-for-sale investments	20,449	51,690	27,968	100,107
Derivatives				
- commodities futures contracts	-	5,195	-	5,195
- forward foreign exchange contracts	-	5,165	-	5,165
	<u>20,449</u>	<u>62,050</u>	<u>27,968</u>	<u>110,467</u>
Financial liabilities				
Derivatives				
- commodities futures contracts	-	(5,074)	-	(5,074)
- forward foreign exchange contracts	-	(433)	-	(433)
	<u>-</u>	<u>(5,507)</u>	<u>-</u>	<u>(5,507)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(d) Financial instruments measured at fair value (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>30 June 2015</u>				
Financial assets				
Available-for-sale investments	14,207	51,670	37,331	103,208
Derivatives				
- commodities futures contracts	-	12,710	-	12,710
- forward foreign exchange contracts	-	358	-	358
	<u>14,207</u>	<u>64,738</u>	<u>37,331</u>	<u>116,276</u>
Financial liabilities				
Derivatives				
- commodities futures contracts	-	(8,631)	-	(8,631)
- forward foreign exchange contracts	-	(20,505)	-	(20,505)
- interest rate swap contracts	-	(2,396)	-	(2,396)
	<u>-</u>	<u>(31,532)</u>	<u>-</u>	<u>(31,532)</u>
<u>30 June 2016</u>				
Financial assets				
Available-for-sale investments	13,705	61,183	47,821	122,709
Derivatives				
- commodities futures contracts	-	16,354	-	16,354
- forward foreign exchange contracts	-	7,770	-	7,770
	<u>13,705</u>	<u>85,307</u>	<u>47,821</u>	<u>146,833</u>
Financial liabilities				
Derivatives				
- commodities futures contracts	-	(6,113)	-	(6,113)
- forward foreign exchange contracts	-	(2,930)	-	(2,930)
- interest rate swap contracts	-	(40,268)	-	(40,268)
	<u>-</u>	<u>(49,311)</u>	<u>-</u>	<u>(49,311)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.48 Financial instruments (continued)

(d) Financial instruments measured at fair value (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>30 June 2017</u>				
Financial assets				
Available-for-sale investments	-	60,887	49,502	110,389
Derivatives				
- commodities futures contracts	-	42,136	-	42,136
- forward foreign exchange contracts	-	13,751	-	13,751
- interest rate swap contracts	-	297	-	297
	<u>-</u>	<u>117,071</u>	<u>49,502</u>	<u>166,573</u>
Financial liabilities				
Derivatives				
- commodities futures contracts	-	(8,170)	-	(8,170)
- forward foreign exchange contracts	-	(17,999)	-	(17,999)
- interest rate swap contracts	-	(1,563)	-	(1,563)
	<u>-</u>	<u>(27,732)</u>	<u>-</u>	<u>(27,732)</u>

If quoted market prices in active markets are available, these are considered Level 1. If such quoted market prices are not available, fair value are 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 derivative 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.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.49 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 holder 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 holder 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.

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	18.04.2017	BBB+
Moody's Investors Service	Company and the USD1.5 billion Multi-currency Sukuk Programme	26.05.2017	Baa1
Malaysian Rating Corporation Berhad	RM3.0 billion Perpetual Subordinated Sukuk Programme (Perpetual Sukuk)	06.06.2017	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 fellow subsidiary (including "current and non-current" as shown in the consolidated statements of financial position). Interest cover is calculated as profit before interest divided by finance costs.

The ratios are as follows:

	1 July 2014	30 June 2015	30 June 2016	30 June 2017
Gearing ratio (%)	62	137	130	60
Interest cover (times)	7	4	3	9

(b) Externally imposed 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 capital requirements for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15

(a) Transition from FRS to MFRS

As stated in Note 2.1 to the consolidated financial statements, these are the first set of financial statements of the Group prepared in accordance with MFRSs. The accounting policies set out in Note 2.2 and the optional exemptions elected by the Group have been applied in the opening MFRS consolidated statements of financial position as at 1 July 2014, being the transition date, and throughout all years presented as follows:

(i) MFRS 1 "First time adoption of Malaysian Financial Reporting Standards" ("MFRS 1")

As provided in MFRS 1, the Group as first time adopter of MFRS has elected to apply the following exemptions on other MFRSs from a full retrospective application as explained below:

Business combinations:

MFRS 1 provides the option to apply MFRS 3 "Business combinations" prospectively for business combinations that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 July 2014. Business combinations that occurred prior to 1 July 2014 have not been restated. The Group has also applied MFRS 127 "Consolidated and separate financial statements" from the same date.

Property, plant and equipment:

Under FRS, valuation adjustments on certain plantation land and building were incorporated into the consolidated financial statements. The Group elected to use the previous revaluation as deemed cost as at the date of revaluation. Accordingly, the carrying amounts of these plantation land and building have not been restated. In addition, the revaluation reserves have been reclassified to retained earnings on the date of transition.

Cumulative translation differences:

MFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 "The effects of changes in foreign exchange rates" from the date a foreign operation was acquired. The Group elected to reset the exchange reserve to zero in opening retained earnings as at 1 July 2014 and reclassified the exchange reserves to retained earnings. Correspondingly, transactions pertaining to the deemed disposals in foreign operations in subsequent financial years have also been reversed to profit or loss and other comprehensive income to reflect the effects of the reset of the exchange reserve as at 1 July 2014.

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(a) Transition from FRS to MFRS (continued)

(i) MFRS 1 "First time adoption of Malaysian Financial Reporting Standards" ("MFRS 1")
(continued)

The effects on the Group's consolidated financial statements arising from the elected exemptions described above under MFRS 1 are as follows:

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
<u>Consolidated statements</u> <u>of profit or loss</u>			
Operating expenses	-	151	-
Other gains and losses	124,739	-	-
	<u>124,739</u>	<u>-</u>	<u>-</u>

Consolidated statements
of comprehensive income
Currency translation
differences of subsidiaries

(124,739)	(151)	-
<u>(124,739)</u>	<u>(151)</u>	<u>-</u>

	1 July <u>2014</u> RM'000	30 June <u>2015</u> RM'000	30 June <u>2016</u> RM'000	30 June <u>2017</u> RM'000
<u>Consolidated statements</u> <u>of financial position</u> <u>Equity</u>				
Revaluation reserves	(282,567)	(282,567)	(282,567)	(282,567)
Exchange reserves	810,384	685,645	685,494	685,494
	<u>527,817</u>	<u>403,078</u>	<u>402,927</u>	<u>402,927</u>
Retained earnings	<u>(527,817)</u>	<u>(403,078)</u>	<u>(402,927)</u>	<u>(402,927)</u>

(ii) MFRS 141 "Agriculture" ("MFRS 141")

As at 1 July 2014, the biological assets are measured at fair value less costs of disposal. Changes in fair value less costs of disposal are recognised in profit or loss. Harvested fresh fruit bunches are transferred to inventories at fair value less costs of disposal when harvested. The effects from the adoption of MFRS 141 on the consolidated financial statements are as follows:

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
<u>Consolidated statements</u> <u>of profit or loss</u>			
Operating expenses	30,601	(25,976)	23,391
Tax (expense)/credit	(9,671)	4,932	(5,434)
	<u>20,930</u>	<u>(21,044)</u>	<u>17,957</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(a) Transition from FRS to MFRS (continued)

(ii) MFRS 141 "Agriculture" ("MFRS 141") (continued)

	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000
<u>Consolidated statements of comprehensive income</u>			
Currency translation differences of subsidiaries	4,548	(2,212)	5,619
	<u>1 July 2014</u> RM'000	<u>30 June 2015</u> RM'000	<u>30 June 2016</u> RM'000
	<u>30 June 2017</u> RM'000		
<u>Consolidated statements of financial position</u>			
Biological assets	96,687	132,767	105,767
Deferred tax liabilities	(24,172)	(34,774)	(31,029)
	<u>72,515</u>	<u>97,993</u>	<u>74,738</u>
			<u>98,314</u>
<u>Equity</u>			
Exchange reserves	(637)	3,911	1,700
Retained earnings	70,061	92,237	71,721
Minority interest	3,091	1,845	1,317
	<u>72,515</u>	<u>97,993</u>	<u>74,738</u>
			<u>98,314</u>

(b) Early adoption of MFRS 15 "Revenue from Contracts with Customers" ("MFRS 15")

Prior to the adoption of MFRS 15, the Group's revenue from sale of goods and performance of services are recognised at the fair value of the consideration received or receivable upon delivery of goods or performance of services, net of discounts, allowances and indirect taxes.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. For contracts where sale of agricultural produce and refined palm oil related products are bundled with freight services, the sale of goods and provision of freight are accounted for as separate performance obligations. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services. Transaction price allocated to the provision of freight is deferred and recognised as revenue in the accounting period in which the services are rendered. The effects arising from deferral of revenue from provision of freight is disclosed in Note 2.50(d).

(c) Reclassification

Certain revenue streams have been reclassified from other operating income/expenses to revenue to reflect a comparable presentation. The reclassifications which have no impact on the reported consolidated statements of profit or loss or consolidated statements of comprehensive income for the respective financial years are as disclosed in Note 2.50(d).

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

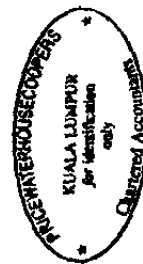
2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation

The transition to the MFRS framework and early adoption of MFRS 15 have resulted in changes to the Group's accounting policies when compared to those policies adopted in applying the FRS issued by the Malaysian Accounting Standards Board ("MASB"). The effects arising from these changes on the Group's consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statements of financial position are set out in the reconciliations below:

Reconciliation of financial position and equity as at 1 July 2014

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Non-current assets	13,175,198	-	-	-	13,175,198
Current assets	3,973,144	96,687	(24)	-	4,069,807
Total assets	17,148,342	96,687	(24)	-	17,245,005
Share capital	600,000	-	-	-	600,000
Reserves	7,380,354	69,424	345	-	7,450,123
Attributable to equity holder of the Company	7,980,354	69,424	345	-	8,050,123
Non-controlling interests	490,893	3,091	-	-	493,984
Total equity	8,471,247	72,515	345	-	8,544,107
Non-current liabilities	2,656,551	24,172	-	-	2,680,723
Current liabilities	6,020,544	-	(369)	-	6,020,175
Total liabilities	8,677,095	24,172	(369)	-	8,700,898
Total equity and liabilities	17,148,342	96,687	(24)	-	17,245,005
	215				
	578				



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

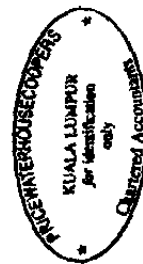
(d) Reconciliation (continued)

Reconciliation of profit or loss for the financial year ended 30 June 2015

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Revenue	10,286,413	-	(20,922)	38,550	10,304,041
Operating expenses	(9,254,072)	30,601	20,579	17,638	(9,185,254)
Other operating income	389,332	-	-	(56,188)	333,144
Other gains and losses	(5,753)	124,739	-	-	118,986
Operating profit	1,415,920	155,340	(343)	-	1,570,917
Share of results of joint ventures	(33,774)	-	-	-	(33,774)
Share of results of associates	457	-	-	-	457
Profit before interest and tax	1,382,603	155,340	(343)	-	1,537,600
Finance income	85,517	-	-	-	85,517
Finance costs	(307,194)	-	-	-	(307,194)
Profit before tax	1,160,926	155,340	(343)	-	1,315,923
Tax expense	(274,806)	(9,671)	-	-	(284,477)
Profit for the financial year	886,120	145,669	(343)	-	1,031,446

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

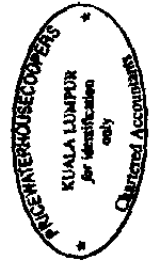
2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of profit or loss for the financial year ended 30 June 2015 (continued)

	Previously stated under <u>MFRS</u> RM'000	Effects of transition <u>to MFRS</u> RM'000	Effects of <u>MFRS 15</u> RM'000	Re- classification <u>RM'000</u>	As restated under <u>MFRS</u> RM'000
Profit for the financial year attributable to:					
- equity holder of the Company	850,541	146,915	(343)	-	997,113
- non-controlling interests	35,579	(1,246)	-	-	34,333
	<u>886,120</u>	<u>145,669</u>	<u>(343)</u>	<u>-</u>	<u>1,031,446</u>
	sen	sen	sen	sen	sen
Basic/diluted earnings per share attributable to equity holder of the Company	<u>141.76</u>	<u>24.49</u>	<u>(0.06)</u>	<u>-</u>	<u>166.19</u>



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

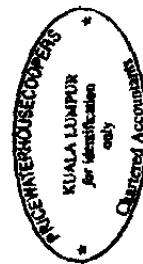
2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of comprehensive income for the financial year ended 30 June 2015

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re-classification RM'000	As restated under MFRS RM'000
Profit for the financial year	886,120	145,669	(343)	-	1,031,446
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences:					
- subsidiaries	647,781	(120,191)	-	-	527,590
- joint ventures	5,223	-	-	-	5,223
Available-for-sale investments	(16,587)	-	-	-	(16,587)
- changes in fair value					
Cash flow hedge	(3,500)	-	-	-	(3,500)
- changes in fair value	(7,342)	-	-	-	(7,342)
- transfers to profit or loss					
Tax credit relating to components of other comprehensive income	3,792	-	-	-	3,792
	629,367	(120,191)	-	-	509,176
Items that will not be reclassified subsequently to profit or loss:					
Actuarial loss on defined benefit plans	(7,494)	-	-	-	(7,494)
Share of other comprehensive loss of joint ventures	(20,857)	-	-	-	(20,857)
Tax credit relating to components of other comprehensive income	1,954	-	-	-	1,954
	(26,397)	-	-	-	(26,397)
		218			
		581			



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

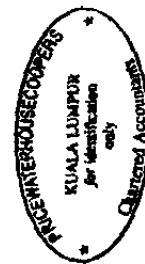
2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of comprehensive income for the financial year ended 30 June 2015 (continued)

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Total other comprehensive income for the financial year	602,970	(120,191)	-	-	482,779
Total comprehensive income for the financial year	1,489,090	25,478	(343)	-	1,514,225
Total comprehensive income for the financial year attributable to:					
- equity holder of the Company	1,428,708	26,724	(343)	-	1,455,089
- non-controlling interests	60,382	(1,246)	-	-	59,136
	1,489,090	25,478	(343)	-	1,514,225



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

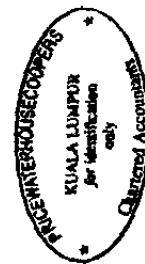
(d) Reconciliation (continued)

Reconciliation of financial position and equity as at 30 June 2015

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Non-current assets	22,040,542	-	-	-	22,040,542
Current assets	5,307,185	132,767	(6)	-	5,439,946
Non-current assets held for sale	10,712	-	-	-	10,712
Total assets	27,358,439	132,767	(6)	-	27,491,200
Share capital	600,000	-	-	-	600,000
Reserves	8,209,062	96,148	2	-	8,305,212
Attributable to equity holder of the Company	8,809,062	96,148	2	-	8,905,212
Non-controlling interests	558,996	1,845	-	-	560,841
Total equity	9,368,058	97,993	2	-	9,466,053
Non-current liabilities	6,998,202	34,774	-	-	7,032,976
Current liabilities	10,992,179	-	(8)	-	10,992,171
Total liabilities	17,990,381	34,774	(8)	-	18,025,147
Total equity and liabilities	27,358,439	132,767	(6)	-	27,491,200

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of profit or loss for the financial year ended 30 June 2016

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Revenue	11,892,557	-	(6,613)	60,520	11,946,464
Operating expenses	(11,128,107)	(25,825)	6,609	16,412	(11,130,911)
Other operating income	408,034	-	-	(76,932)	331,102
Other gains and losses	121,303	-	-	-	121,303
Operating profit	1,293,787	(25,825)	(4)	-	1,267,958
Share of results of joint ventures	(1,883)	-	-	-	(1,883)
Share of results of associates	(6,706)	-	-	-	(6,706)
Profit before interest and tax	1,285,198	(25,825)	(4)	-	1,259,369
Finance income	43,763	-	-	-	43,763
Finance costs	(464,093)	-	-	-	(464,093)
Profit before tax	864,868	(25,825)	(4)	-	839,039
Tax credit	158,964	4,932	-	-	163,896
Profit for the financial year	1,023,832	(20,893)	(4)	-	1,002,935

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

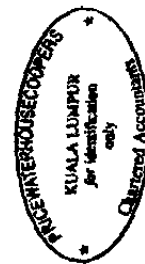
2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of profit or loss for the financial year ended 30 June 2016 (continued)

Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
987,548	(20,365)	(4)	-	967,179
36,284	(528)	-	-	35,756
<u>1,023,832</u>	<u>(20,893)</u>	<u>(4)</u>	<u>-</u>	<u>1,002,935</u>
sen	sen	sen	sen	sen
164.59	(3.39)	-	-	161.20

Profit for the financial year attributable to:
- equity holder of the Company
- non-controlling interestsBasic/diluted earnings per share
attributable to equity holder of
the Company

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
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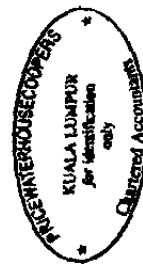
2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of comprehensive income for the financial year ended 30 June 2016

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Profit for the financial year	1,023,832	(20,893)	(4)	-	1,002,935
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences:					
- subsidiaries	423,654	(2,363)	-	-	421,291
- joint ventures	31,774	-	-	-	31,774
Available-for-sale investments					
- changes in fair value	18,438	-	-	-	18,438
Cash flow hedge					
- changes in fair value	(37,343)	-	-	-	(37,343)
- transfers to profit or loss	9,293	-	-	-	9,293
Tax credit relating to components of other comprehensive income	5,445	-	-	-	5,445
	451,261	(2,363)	-	-	448,898
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gain on defined benefit plans	446	-	-	-	446
Share of other comprehensive income of joint ventures	5,573	-	-	-	5,573
Tax expenses relating to components of other comprehensive income	(113)	-	-	-	(113)
	5,906	-	-	-	5,906
	223				
	586				



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of comprehensive income for the financial year ended 30 June 2016 (continued)

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Total other comprehensive income for the financial year	457,167	(2,363)	-	-	454,804
Total comprehensive income for the financial year	1,480,999	(23,256)	(4)	-	1,457,739
Total comprehensive income for the financial year attributable to:					
- equity holder of the Company	1,409,698	(22,728)	(4)	-	1,386,966
- non-controlling interests	71,301	(528)	-	-	70,773
	1,480,999	(23,256)	(4)	-	1,457,739

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

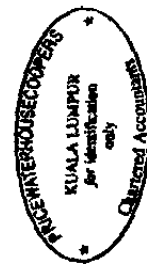
(d) Reconciliation (continued)

Reconciliation of financial position and equity as at 30 June 2016

	Previously stated under MFRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re- classification RM'000	As restated under MFRS RM'000
Non-current assets	23,732,635	-	-	-	23,732,635
Current assets	4,594,845	105,767	-	-	4,700,612
Non-current assets held for sale	3,862	-	-	-	3,862
Total assets	28,331,342	105,767	-	-	28,437,109
Share capital	600,000	-	-	-	600,000
Reserves	8,918,760	73,421	(3)	-	8,992,178
Attributable to equity holder of the Company	9,518,760	73,421	(3)	-	9,592,178
Non-controlling interests	453,642	1,317	-	-	454,959
Total equity	9,972,402	74,738	(3)	-	10,047,137
Non-current liabilities	14,829,378	31,029	-	-	14,860,407
Current liabilities	3,529,562	-	3	-	3,529,565
Total liabilities	18,358,940	31,029	3	-	18,389,972
Total equity and liabilities	28,331,342	105,767	-	-	28,437,109

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

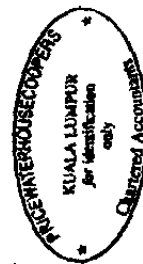
(d) Reconciliation (continued)

Reconciliation of profit or loss for the financial year ended 30 June 2017

	If reported under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re-classification RM'000	As presented under MFRS RM'000
Revenue	14,806,088	-	(26,707)	-	14,779,381
Operating expenses	(13,039,612)	23,391	25,198	-	(12,991,023)
Other operating income	2,671,005	-	-	-	2,671,005
Other gains and losses	78,507	-	-	-	78,507
Operating profit	4,515,988	23,391	(1,509)	-	4,537,870
Share of results of joint ventures	(76,606)	-	-	-	(76,606)
Share of results of associates	(5,929)	-	-	-	(5,929)
Profit before interest and tax	4,433,453	23,391	(1,509)	-	4,455,335
Finance income	47,486	-	-	-	47,486
Finance costs	(471,858)	-	-	-	(471,858)
Profit before tax	4,009,081	23,391	(1,509)	-	4,030,963
Tax expense	(473,619)	(5,434)	-	-	(479,053)
Profit for the financial year	3,535,462	17,957	(1,509)	-	3,551,910

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of profit or loss for the financial year ended 30 June 2017 (continued)

	If reported under FRS RM'000	Effects of transition to MFRS 15 RM'000	Effects of MFRS 15 RM'000	Re-classification RM'000	As presented under MFRS RM'000
Profit for the financial year attributable to:					
- equity holder of the Company	3,491,013	17,595	(1,509)	-	3,507,099
- Perpetual Sukuk	2,724	-	-	-	2,724
- non-controlling interests	41,725	362	-	-	42,087
	<u>3,535,462</u>	<u>17,957</u>	<u>(1,509)</u>	<u>-</u>	<u>3,551,910</u>
	sen	sen	sen	sen	sen
Basic/diluted earnings per share attributable to equity holder of the Company	<u>581.84</u>	<u>2.93</u>	<u>(0.25)</u>	<u>-</u>	<u>584.52</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

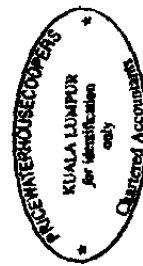
(d) Reconciliation (continued)

Reconciliation of comprehensive income for the financial year ended 30 June 2017

	If reported under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re-classification RM'000	As presented under MFRS RM'000
Profit for the financial year	3,535,462	17,957	(1,509)	-	3,551,910
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences:					
- subsidiaries	208,961	5,619	-	-	214,580
- joint ventures	11,385	-	-	-	11,385
Available-for-sale investments	(1,983)	-	-	-	(1,983)
- changes in fair value					
Cash flow hedge					
- changes in fair value	6,763	-	-	-	6,763
- transfers to profit or loss	25,430	-	-	-	25,430
Tax expenses relating to components of other comprehensive income	(7,034)	-	-	-	(7,034)
	243,522	5,619	-	-	249,141
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gain on defined benefit plans	17,230	-	-	-	17,230
Share of other comprehensive income of joint ventures	(8,179)	-	-	-	(8,179)
Tax expenses relating to components of other comprehensive income	(4,292)	-	-	-	(4,292)
	4,759	-	-	-	4,759

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(d) Reconciliation (continued)

Reconciliation of comprehensive income for the financial year ended 30 June 2017 (continued)

	If reported under FRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re-classification RM'000	As presented under MFRS RM'000
Total other comprehensive income for the financial year	248,281	5,619	-	-	253,900
Total comprehensive income for the financial year	3,783,743	23,576	(1,509)	-	3,805,810
Total comprehensive income for the financial year	3,742,404	23,214	(1,509)	-	3,764,109
- equity holder of the Company	2,724	-	-	-	2,724
- Perpetual Sukuk	38,615	362	-	-	38,977
- non-controlling interests	3,783,743	23,576	(1,509)	-	3,805,810

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

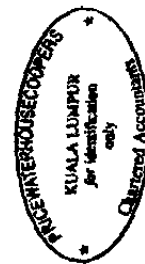
(d) Reconciliation (continued)

Reconciliation of financial position and equity as at 30 June 2017

	If reported under MFRS RM'000	Effects of transition to MFRS RM'000	Effects of MFRS 15 RM'000	Re-classification RM'000	As presented under MFRS RM'000
Non-current assets	23,794,526	-	-	-	23,794,526
Current assets	5,339,598	137,159	-	-	5,476,757
Non-current assets held for sale	183,594	-	-	-	183,594
Total assets	29,317,718	137,159	-	-	29,454,877
Share capital	600,000	-	-	-	600,000
Reserves	11,762,958	96,635	(1,509)	-	11,858,084
Attributable to equity holder of the Company	12,362,958	96,635	(1,509)	-	12,458,084
Perpetual Sukuk	2,231,384	-	-	-	2,231,384
Non-controlling interests	432,208	1,679	-	-	433,887
Total equity	15,026,550	98,314	(1,509)	-	15,123,355
Non-current liabilities	9,267,041	38,845	-	-	9,305,886
Current liabilities	5,008,732	-	1,509	-	5,010,241
Liabilities directly associated with non-current assets held for sale	15,395	-	-	-	15,395
Total liabilities	14,291,168	38,845	1,509	-	14,331,522
Total equity and liabilities	29,317,718	137,159	-	-	29,454,877

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13. ACCOUNTANTS' REPORT (Cont'd)

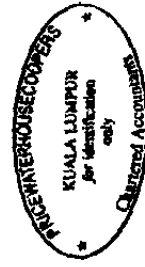
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.50 First-time adoption of MFRS Framework and early adoption of MFRS 15 (continued)

(e) Consolidated statements of cash flows

The transition to MFRS framework has no impact on the net changes on cash flows generated from operating, investing and financing activities by the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

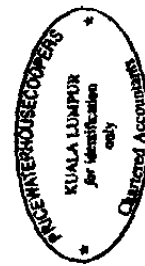
2.51 List of subsidiaries, joint ventures and associates

(i) Subsidiaries which are active as at 30 June 2017 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)				Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016	30 June 2017		
Chartquest Sdn Bhd	Malaysia	61.1	61.1	61.1	61.1	1	Cultivation of oil palm
Chermang Development (Malaya) Sdn Bhd	Malaysia	83.9	83.9	83.9	83.9	1	Investment holding
Consolidated Plantations Berhad	Malaysia	100.0	100.0	100.0	100.0	1	Investment holding
Golden Hope Overseas Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Investment holding
Guthrie Industries Malaysia Sendirian Berhad	Malaysia	100.0	100.0	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Guthrie International Investments (L) Ltd	Malaysia	100.0	100.0	100.0	100.0	1	Investment holding
Kumpulan Jelei Sendirian Berhad	Malaysia	100.0	100.0	100.0	100.0	1	Investment holding
Mostyn Palm Processing Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Investment holding
Sanguine (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Cultivation of oil palm

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

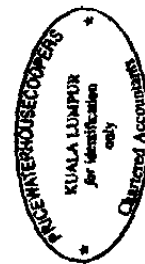
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Sime Darby Agri-Bio Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Manufacturing of rat baits and trading of agricultural related products
Sime Darby Austral Holdings Berhad	Malaysia	100.0	100.0	100.0	1	Investment holding
Sime Darby Austral Sdn Bhd	Malaysia	60.0	60.0	60.0	1	Processing of palm oil and palm kernel oil
Sime Darby Biodiesel Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Production and sale of biodiesel and related products
Sime Darby Biotech Laboratories Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Provision of oil palm tissue culture services
Sime Darby Consulting Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Investment holding
Sime Darby Foods & Beverages Marketing Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Distribution and marketing of cooking oil, tocotrienols, guava juices and palm related products

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

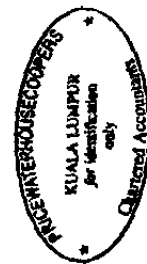
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)				Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016	30 June 2017		
Sime Darby Futures Trading Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Trading of crude palm oil and palm oil products and sub-marketing agent of refined products
Sime Darby Global Berhad	Malaysia	-	-	-	100.0	1	Special purpose vehicle for the issue of securities programme
Sime Darby Global Trading (Labuan) Limited	Malaysia	-	-	-	100.0	1	Trading of commodity
Sime Darby Plantation IT Sdn Bhd (formerly known as Sime Darby Jomalina Sdn Bhd)	Malaysia	100.0	100.0	100.0	100.0	1	Provision of information technology related matters
Sime Darby Kempas Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Processing of edible oil and related products
Sime Darby Latex Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Investment property holding
Sime Darby Plantation (Sabah) Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

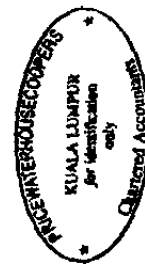
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2017		
Sime Darby Plantation (Sarawak) Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation Childcare Centre Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Provision of childcare services to employees based in Ara Damansara
Sime Darby Plantation Intellectual Property Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Registered holder of commercial patents, trademarks, copyrights, trade security and intellectual property rights
Sime Darby Plantation Thailand Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Investment holding
Sime Darby Research Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Research and development services to group companies in relation to tropical agriculture
Sime Darby Seeds & Agricultural Services Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Agricultural research and advisory services, production and sale of oil palm seeds and seedlings

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13. ACCOUNTANTS' REPORT (Cont'd)

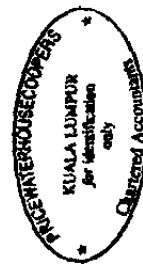
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Sime Darby Technology Centre Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Research and development services in biotechnology and agriculture
The China Engineers (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Wangsa Mujur Sdn Bhd	Malaysia	72.5	72.5	72.5	1	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Intipersada	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Sawit Lestari	Indonesia	100.0	100.0	100.0	2	Production and sale of oil palm planting materials
PT Anugerah Sumbermakmur	Indonesia	100.0	100.0	100.0	2	Investment holding
PT Asricipta Indah	Indonesia	90.0	90.0	90.0	2	Investment holding
				236		
				599		



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

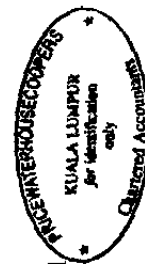
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
PT Bahari Gembira Ria	Indonesia	99.0	99.0	99.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bersama Sejahtera Sakti	Indonesia	91.1	91.1	91.1	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bhumireksa Nusasejati	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bina Sains Cemerlang	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Budidaya Agro Lestari	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm
PT Golden Hope Nusantara	Indonesia	100.0	100.0	100.0	2	Processing of palm oil products
PT Guthrie Pecconina Indonesia	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel

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13. ACCOUNTANTS' REPORT (Cont'd)

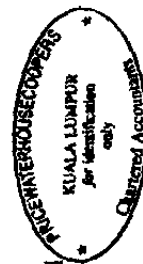
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
PT Indo Sukses Lestari Makmur	Indonesia	95.0	95.0	95.0	2	Development of rubber plantation
PT Indotruba Tengah	Indonesia	50.0	50.0	50.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Kartika Inti Perkasa	Indonesia	60.0	60.0	60.0	2	Investment holding
PT Kridatama Lancar	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Ladangrumpun Suburabadi	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Laguna Mandiri	Indonesia	88.6	88.6	88.6	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
PT Lahar Tani Sakti	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
				238		
				601		



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

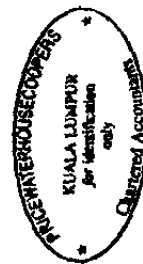
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)				Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016	30 June 2017		
PT Langgeng Muaramakmur	Indonesia	100.0	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Minamas Gemilang	Indonesia	100.0	100.0	100.0	100.0	2	Investment holding
PT Mitra Austral Sejahtera	Indonesia	65.0	65.0	65.0	65.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Muda Perkasa Sakti	Indonesia	100.0	100.0	100.0	100.0	2	Investment holding
PT Padang Palma Permai	Indonesia	100.0	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Paripurna Swakarsa	Indonesia	100.0	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Perkasa Subur Sakti	Indonesia	100.0	100.0	100.0	100.0	2	Processing of palm oil and palm kernel

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13. ACCOUNTANTS' REPORT (Cont'd)

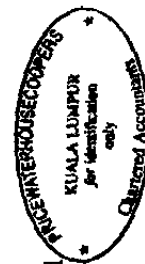
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm
PT Sajang Heulang	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sandika Natapalma	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sime Agri Bio	Indonesia	100.0	100.0	100.0	2	Trading of agricultural related products
PT Sime Indo Agro	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sritijaya Abaditama	Indonesia	60.0	60.0	60.0	2	Investment holding
PT Swadaya Andika	Indonesia	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
			240			
			603			



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

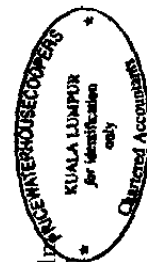
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)				Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016	30 June 2017		
PT Tamaco Graha Krida	Indonesia	90.0	90.0	90.0	90.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Teguh Sempurna	Indonesia	100.0	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tunggul Mitra Plantations	Indonesia	60.0	60.0	60.0	60.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Timbang Deli Indonesia	Indonesia	-	49.0	49.0	49.0	2	Oil palm seed production and cultivation of rubber
Kula Palm Oil Limited	Papua New Guinea	-	100.0	100.0	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	-	100.0	100.0	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

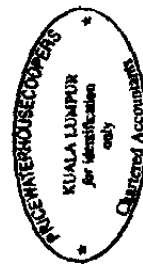
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Poliamba Limited	Papua New Guinea	-	100.0	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	-	100.0	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
Guadalcanal Plains Palm Oil Limited	Solomon Islands	-	80.0	80.0	3	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Plantation Services Pte Ltd	Singapore	-	100.0	100.0	2	Investing and managing oil palm plantations and seed production ventures
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
New Britain Oils Limited	United Kingdom	-	100.0	100.0	2	Processing of edible oil and related products

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13. ACCOUNTANTS' REPORT (Cont'd)

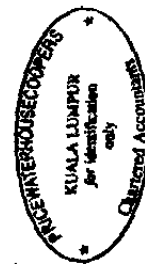
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Sime Darby Edible Products Limited	Singapore	100.0	100.0	100.0	2	Marketing of edible oil and related products
Sime Darby Plantation Europe Ltd	Singapore	100.0	100.0	100.0	2	Investment holding
Sime Darby Plantation Investment (Liberia) Private Limited	Singapore	100.0	100.0	100.0	2	Investment holding
Sime Darby China Oils And Fats Company Limited	Hong Kong SAR	100.0	100.0	100.0	2	Investment holding
Sime Darby Hong Kong Nominees Limited	Hong Kong SAR	100.0	100.0	100.0	2	Investment holding
Sime Darby Edible Products India Private Limited	India	100.0	100.0	100.0	2	Providing market support services
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	99.9	2	Processing and marketing of edible oil and related products
			243			
			606			



13. ACCOUNTANTS' REPORT (Cont'd)

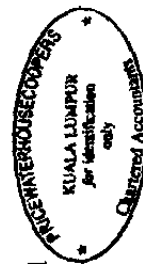
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Sime-Morakot Holdings (Thailand) Limited	Thailand	100.0	100.0	100.0	2	Investment holding
The China Engineers (Thailand) Limited	Thailand	99.9	99.9	99.9	2	Investment holding
Golden Hope-Nha Be Edible Oils Co Ltd	Vietnam	51.0	51.0	51.0	2	Processing and marketing of edible oil and related products
Sime Darby International Investments Limited	Cayman Islands	100.0	100.0	100.0	4	Investment holding
Sime Darby Plantation Holdings (Asia Pacific)	Cayman Islands	100.0	100.0	100.0	4	Investment holding
Sime Darby Plantation Holdings (Cayman Islands)	Cayman Islands	100.0	100.0	100.0	4	Investment holding
Sime Darby Plantation (Liberia) Inc	Liberia	100.0	100.0	100.0	3	Cultivation of oil palm and rubber
			244			
			607			



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

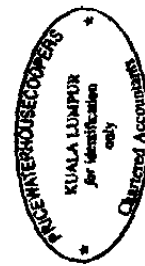
2.51 List of subsidiaries, joint ventures and associates (continued)

(i) Subsidiaries which are active as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Golden Hope Overseas Capital	Mauritius	100.0	100.0	100.0	2	Investment holding
Mulligan International B.V.	Netherlands	100.0	100.0	100.0	2	Investment holding
Sime Darby Netherlands B.V.	Netherlands	100.0	100.0	100.0	2	Investment holding
Sime Darby Unimills B.V.	Netherlands	100.0	100.0	100.0	2	Processing of marketing of edible oil and related products
Sime Darby Hudson And Knight (Proprietary) Limited	South Africa	100.0	100.0	100.0	3	Processing and marketing of edible oil and related products

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13. ACCOUNTANTS' REPORT (Cont'd)

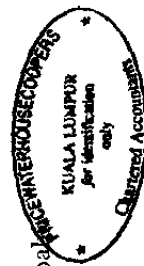
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(ii) Joint ventures which are active as at 30 June 2017 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Emery Oleochemicals (M) Sdn Bhd	Malaysia	50.0	50.0	50.0	3	Investment holding, production 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	50.0	50.0	50.0	3	Investment holding
Mybiomass Sdn Bhd	Malaysia	30.0	30.0	30.0	3	Develop and pioneer high value green chemicals biorefinery through a coordinated aggregation
Sime Darby TNBES Renewable Energy Sdn Bhd	Malaysia	-	51*	51*	1	Production and sale of renewable energy using palm oil effluents
Guangzhou Keylink Chemicals Co., Ltd	China	50.0	50.0	50.0	3	Manufacturing of surface active agents
Rizhao Sime Darby Oils & Fats Co. Ltd	China	100.0	45.0	45.0	2	Storage and marketing of palm oil related products
			246			
				609		



13. ACCOUNTANTS' REPORT (Cont'd)

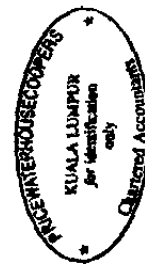
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(iii) Associates which are active as at 30 June 2017 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Barlow Bulking Sdn Bhd	Malaysia	32.0	32.0	32.0	3	Provision of bulking and marketing facilities for edible oil producers and millers
Nescaya Maluri Sdn Bhd	Malaysia	40.0	40.0	40.0	3	Investment holding and quarry licensing
Muang Mai Guthrie Public Company Limited	Thailand	49.0	49.0	49.0	3	Processing of rubber
Thai Eastern Trat Co., Ltd	Thailand	40.0	40.0	40.0	2	Processing of palm oil and palm kernel
Verdezyn, Inc.	United States of America	30.0	30.0	36.35	3	Produce drop-in alternatives to petroleum-derived chemicals from palm-based products and by-products



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

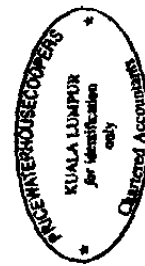
2.51 List of subsidiaries, joint ventures and associates (continued)

(iv) Subsidiaries which are dormant/inactive as at 30 June 2017 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Kwang Joo Seng (Malaysia) Private Limited	Singapore	100.0	100.0	100.0	2	Dormant
Derawan Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Dormant
Kumpulan Jerai Sendirian Berhad	Malaysia	100.0	100.0	100.0	1	Dormant
Kumpulan Linggi Sendirian Berhad	Malaysia	100.0	100.0	100.0	1	Dormant
Kumpulan Sua Betong Sendirian Berhad	Malaysia	100.0	100.0	100.0	1	Dormant
Kumpulan Tebong Sendirian Berhad	Malaysia	100.0	100.0	100.0	1	Dormant
Kumpulan Temiang Sendirian Berhad	Malaysia	100.0	100.0	100.0	1	Dormant
Sahua Enterprise Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Dormant

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

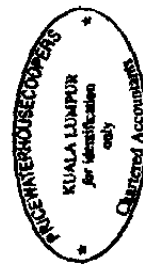
2.51 List of subsidiaries, joint ventures and associates (continued)

(iv) Subsidiaries which are dormant/inactive as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Sime Darby Beverages Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Dormant
Sime Darby Bukit Talang Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Dormant
Sime Darby Oils & Fats Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Dormant
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	100.0	100.0	100.0	1	Dormant
PT Guthrie Abdinusa Industri	Indonesia	70.0	70.0	70.0	2	Dormant
PT Sime Darby Commodities Trading	Indonesia	100.0	100.0	100.0	2	Dormant
Dami Australia Pty Ltd	Australia	-	100.0	100.0	2	Dormant

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

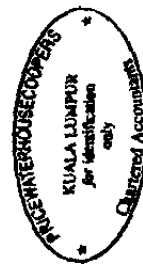
2.51 List of subsidiaries, joint ventures and associates (continued)

(iv) Subsidiaries which are dormant/inactive as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Golden Hope-Nhabe (Cambodia) Import & Export Co Ltd	Cambodia	51.0	51.0	51.0	4	Dormant
Sime Darby CleanerG B.V.	Netherlands	100.0	100.0	100.0	2	Dormant
Sime Darby Oils Europe B.V. (Formerly known as Sime Darby Commodities Europe B.V.)	Netherlands	-	100.0	100.0	2	Dormant
Sime Darby Edible Products Tanzania Limited	Tanzania	100.0	100.0	100.0	4	Dormant
Trolak Estates Limited	Scotland	100.0	100.0	100.0	3	Dormant
Dusun Durian Plantations Limited	United Kingdom	100.0	100.0	100.0	3	Dormant
Kinta Kellas Rubber Estate Plc	United Kingdom	100.0	100.0	100.0	3	Dormant
Malaysian Estates Plc	United Kingdom	100.0	100.0	100.0	3	Dormant

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13. ACCOUNTANTS' REPORT (Cont'd)

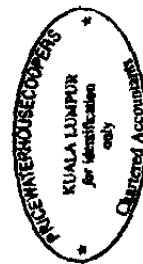
SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

(iv) Subsidiaries which are dormant/inactive as at 30 June 2017 are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)					Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016	30 June 2017			
The Kuala Selangor Rubber Plc	United Kingdom	100.0	100.0	100.0	100.0	3	Dormant	
The London Asiatic Rubber and Produce Company Limited	United Kingdom	100.0	100.0	100.0	100.0	3	Dormant	
The Pataling Rubber Estates Limited	United Kingdom	100.0	100.0	100.0	100.0	3	Dormant	
The Straits Plantations Limited	United Kingdom	100.0	100.0	100.0	100.0	3	Dormant	
The Sungei Bahru Rubber Estates Plc	United Kingdom	100.0	100.0	100.0	100.0	3	Dormant	



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

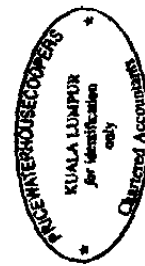
2.51 List of subsidiaries, joint ventures and associates (continued)

(v) Subsidiaries placed under members' voluntary liquidation/deregistered during the financial year are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)				Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016	30 June 2017		
Eminent Platform Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	4	In members' voluntary liquidation
Golden Hope Agrotech Consultancy Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	4	In members' voluntary liquidation
Golden Hope Fruit Industries Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	4	In members' voluntary liquidation
H. R. U. Sdn Bhd	Malaysia	100.0	100.0	100.0	-	4	Dissolved on 14 March 2017
Nature Ambience Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	4	In members' voluntary liquidation
Sharikat Hadapan Berhad	Malaysia	100.0	100.0	100.0	-	4	Dissolved on 14 March 2017
Sime Darby Bioganic Sdn Bhd	Malaysia	100.0	100.0	100.0	100.0	4	In members' voluntary liquidation

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

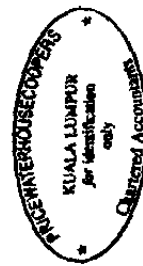
2.51 List of subsidiaries, joint ventures and associates (continued)

(v) Subsidiaries placed under members' voluntary liquidation/deregistered during the financial year are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)			Auditors	Principal activities
		1 July 2014	30 June 2015	30 June 2016		
Sime Darby Genomics Sdn Bhd	Malaysia	100.0	100.0	100.0	4	Dissolved on 5 August 2017
Sime Darby Julau Plantation Sdn Bhd	Malaysia	100.0	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Plantation Academy Sdn Bhd	Malaysia	100.0	100.0	100.0	4	Dissolved on 14 March 2017
Sime Darby Plantation Indonesia Sdn Bhd	Malaysia	100.0	100.0	100.0	4	Dissolved on 5 August 2017
Sincere Outlook Sdn Bhd	Malaysia	100.0	100.0	100.0	4	Dissolved on 5 August 2017
Vertical Drive Sdn Bhd	Malaysia	100.0	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Plantations (Deutschland) GmbH	Germany	100.0	100.0	100.0	4	Dissolved on 18 April 2017
Sime Darby Plantation Cameroon Ltd	Cameroon	100.0	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Investments (Europe) S.à.r.l	Luxembourg	100.0	100.0	100.0	4	Dissolved on 8 July 2016

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13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.51 List of subsidiaries, joint ventures and associates (continued)

Notes:

1. Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers, Malaysia.
 2. Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, 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.

2.52 Significant events after reporting period

In addition to the significant subsequent events mentioned in Note 1.1, set out below are the other significant events after the reporting period:

- (i) In July 2017, PT Sajang Heulang ("SHE") received a tax assessment letter and a tax collection letter confirming the underpayment of value added tax for fiscal year 2012/2013 including penalties totalling IDR41 billion (equivalent to approximately RM13.1 million) in relation to the Kredit Operasi Primer bagi para Anggotanya ("KKPA") program. These amounts have been paid on 3 August 2017. An objection letter in respect of this matter had been filed by SHE with the Indonesian Tax Office on 28 September 2017.
- (ii) On 1 September 2017, the Company entered into an agreement for the supply of palm oil mill effluent produced by the Company from Tennamaram palm oil mill located in Mukim Batang Berjuntai, Selangor to Sime Darby Industrial Power Systems Sdn Bhd ("SD Industrial Power Systems"), a wholly-owned subsidiary of SDB, for the purpose of operating the power plant of SD Industrial Power Systems for a term of 16 years from the commercial operation date.
- (iii) On 1 September 2017, the Company entered into an agreement to grant tenancy to SD Industrial Power Systems on part of the land located in Mukim Batang Berjuntai, Selangor measuring approximately 1.6 hectares for a term of 3 years from the date of fulfilment of the conditions precedent under the agreement, and rental of equipment over the land by the Company to SD Industrial Power Systems for the purpose of operating the power plant of SD Industrial Power Systems for a term of 16 years from the commercial operation date.



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.52 Significant events after reporting period (continued)

(iv) In conjunction with the Pre-Listing Restructuring, and given that SD Plantation Group, the SDB Group and the SD Property Group are separate groups post the Proposed Distributions, the Company had also entered into the following agreements with SD Property and the SDB Group on 25 August 2017 to govern certain commercial arrangements or transactions between the parties:

(a) the Land Option Agreements where the Company has granted call options to SD Property to purchase the legal and beneficial ownership of and title to the following parcels of land ("Option Lands") at any time during the option period of 5 years (with an option to extend for another 3 years) at a purchase price to be determined by the Board of Directors of the Company based on a valuation to be conducted by an agreed independent valuer, subject to the terms and conditions of the respective agreements, which include the prior approval of shareholders of the party(s), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the Option Lands based on agricultural status with development potential, using the methodology as it may determine. The option is granted for a nominal consideration of RM10.

- (aa) 1,862 acres of land located within Kulai A estate in Johor;
- (bb) 3,186 acres of land located within Kulai B estate in Johor;
- (cc) 2,000 acres of land located within Sepang estate in Selangor;
- (dd) 993 acres of land located within Sungai Kapar estate in Selangor;
- (ee) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor;
- (ff) 485 acres of land located within Lothian estate in Selangor;
- (gg) 864 acres of land located within Byram estate in Pulau Pinang;
- (hh) 268 acres of land located within Ainsdale West estate, Negeri Sembilan; and
- (ii) 148 acres of land located within Bukit Selarong estate, Kedah.

The parties further agreed that, after the acquisition of the Option Lands, if SD Property intends to lease, rent or grant licences over any part of the Option Lands for the purposes of oil palm planting and/or harvesting (and/or any agricultural venture), SD Property agreed to first offer the same to the Company for tenancy. If the Company exercises its right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached in the respective Land Option Agreements;

(b) the Master Services Agreement where the Company will continue to obtain certain centralised operational support and functional services from Sime Darby Global Services Centre Sdn Bhd, a wholly-owned subsidiary of SDB, for a term of 3 years commencing from the listing date of the Company in accordance with the terms and conditions of the Master Services Agreement. All decision making of the transaction activities remains with the Company as it has its own dedicated team for all key business functions. In consideration of the services performed under the Master Services Agreement, the Company shall pay an annual fee to SD Global Services Centre Sdn Bhd which shall be in accordance with the specific scope of services provided to the Group. The fee is subject to annual review and determined after taking into account, among others, the recoverability of the services cost, cost to maintain the relevant systems and changes to the scope of services. The rationale for the continuation of such operational support and functional services is to economise and manage administrative duties and costs more efficiently, which in turn will allow the Company's resources to be deployed towards pursuing the Group's business strategies;

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.52 Significant events after reporting period (continued)

- (iv) In conjunction with the Pre-Listing Restructuring, and given that SD Plantation Group, the SDB Group and the SD Property Group are separate groups post the Proposed Distributions, the Company had also entered into the following agreements with SD Property and the SDB Group on 25 August 2017 to govern certain commercial arrangements or transactions between the parties (continued):
- (c) the Broker Services Agreement pursuant to which the Company is entitled to procure certain services from Sime Darby Lockton Insurance Brokers Sdn Bhd, a subsidiary of SDB, including to recommend and advise the Company on subscription to the appropriate insurance and/or takaful policies for the Group's businesses and to act as an intermediary between the Company and the insurance and/or takaful company for a term of 3 years commencing from the listing date of the Company (with the Company having an option to renew the agreement for a further period that the parties mutually agree) subject to the terms and conditions of the Broker Services Agreement. Any fee payable to the Broker will depend on the insurance policies procured by the Group through the Broker; and
- (d) the Donation Agreement pursuant to which the Company endeavours to make an annual cash donation of RM40 million to Yayasan Sime Darby ("Foundation"), a company limited by guarantee founded by SDB, for a term of 5 years with effect from the listing date of the Company (unless extended by mutual agreement of the parties) in accordance with the terms and conditions of the Donation Agreement. All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the areas of community and health, education, youth and sports, environment, and arts and culture to further the charitable intent established by the governing council of the Foundation.
- (e) the trademark and brand licence agreement with Sime Darby Malaysia Berhad ("SDM Berhad"), a wholly-owned subsidiary of SDB, which grants the Group 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, and the "DEVELOPING SUSTAINABLE FUTURES" and "DELIVERING SUSTAINABLE FUTURES" taglines worldwide, solely in the course of or in connection with SD Plantation's business for a term of 5 years commencing from the listing date of the Company. The trademark and brand licence agreement was entered into by the Company with SDM Berhad on 1 November 2017;

13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.52 Significant events after reporting period (continued)

- (v) On 25 October 2017, the Company entered into a sale and purchase agreement with Paduwan Realty Sdn Bhd for the disposal of 15 parcels of agriculture land measuring about 366.13 acres in total at Union Division, Diamond Jubilee Estate, Melaka together with all fixtures, buildings, crops, etc., for a total cash consideration of RM118.8 million calculated at the rate of RM7.45 per square foot, subject to the measurement of the actual land area to be determined by a registered surveyor, and other terms and conditions of the agreement. This transaction has not been completed to date.
- (vi) On 27 October 2017, Kumpulan Jelei Sdn Bhd, a wholly-owned subsidiary of SD Plantation entered into a sale and purchase agreement with PNB for the sale and transfer of the RM500 million nominal value of zero coupon redeemable loan stocks issued by Prolintas Expressway Sdn Bhd ("PROLINTAS"), an indirect subsidiary of PNB, for a purchase consideration of RM333.2 million which was paid by PNB to the Company on 30 October 2017, subject to the terms and conditions of the agreement. The sale is pending completion to date.

2.53 Approval of consolidated financial statements

The consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 November 2017.



13. ACCOUNTANTS' REPORT (Cont'd)

SIME DARBY PLANTATION BERHAD (647766-V)
(Incorporated in Malaysia)

3 STATEMENT BY DIRECTORS

We, Tan Sri Dato' A. Ghani Othman and Tan Sri Dato' Seri Mohd Bakke Salleh, two of the Directors of Sime Darby Plantation Berhad (the "Company"), state that, in the opinion of the Directors, the consolidated financial statements set out on pages 1 to 257 are drawn up so as to give a true and fair view of the financial position of the Company and its subsidiaries (the "Group") as at 1 July 2014, 30 June 2015, 30 June 2016 and 30 June 2017 and of its financial performance and cash flows for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 13, Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 November 2017.



Tan Sri Dato' A. Ghani Othman
Director



Tan Sri Dato' Seri Mohd Bakke Salleh
Director



14. DIRECTORS' REPORT



Developing
Sustainable
Futures

Plantation

Sime Darby Plantation Berhad (647766-V)

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No.2, Jalan PJU 1A/7
Ara Damansara, 47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Date: 20 November 2017

The Shareholders
Sime Darby Plantation Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Sime Darby Plantation Berhad ("**SD Plantation**"), we wish to report after due inquiry that during the period from 30 June 2017 (being the date to which the last audited consolidated financial statements of SD Plantation have been made up) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (a) the business of SD Plantation and its subsidiaries ("**SD Plantation Group**") has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited consolidated financial statements of SD Plantation which have adversely affected the trading or the values of the assets of the SD Plantation Group;
- (c) the current assets of the SD Plantation Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the SD Plantation Group;
- (e) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited consolidated financial statements of SD Plantation; and
- (f) save as disclosed in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of the SD Plantation Group since the last audited consolidated financial statements of SD Plantation.

Yours faithfully,
For and on behalf of the Board of Directors of
SIME DARBY PLANTATION BERHAD

TAN SRI DATO' SERI MOHD BAKKE SALLEH
Director

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (i) No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Sections 4.1 and 6.1.2 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, we have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.
- (v) As at the date of this Prospectus, neither our Company nor any of our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.
- (vi) As at the date of this Prospectus, there is no scheme involving our Directors and employees in the share capital of our Company or any of our subsidiaries.
- (vii) Save as disclosed in Section 15.2 of this Prospectus, and save as provided under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in our Company or any of our subsidiaries or upon the declaration or payment of any dividend or distribution.

15.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions will bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

Words	Meaning
“Act”	means the Companies Act 2016 and any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company
“Alternate Director”	means any person who has been appointed and for the time being holds office as an alternate director of the Company in accordance with the provisions of the Constitution
“Board”	means the board of Directors of the Company whose number not less than the required quorum acting as a board of directors
“CD Rules”	means the Rules of the Central Depository
“Central Depositories Act”	means the Securities Industry (Central Depositories) Act 1991 and every statutory amendment, modification or re-enactment thereof for the time being in force

15. ADDITIONAL INFORMATION (Cont'd)

Words	Meaning
“Central Depository”	means Bursa Malaysia Depository Sdn Bhd and its successors in title and permitted assigns
“Company”	Sime Darby Plantation Berhad
“Constitution”	means the constitution as originally framed or as altered from time to time by Special Resolution
“Deposited Securities”	means Securities standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense
“Depositor”	means a holder of a Securities Account
“Director”	means a person who has been appointed and for the time being holds office as a director of the Company in accordance with the provisions of the Act and the Constitution and, unless the context otherwise provides or requires, includes an Alternate Director
“Listed”	means admitted to the Official List and “listing” shall be construed accordingly
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Malaysia Securities Berhad including any amendment or modification to the same that may be made from time to time
“Market Day”	means any day between Mondays to Fridays which is not a market holiday of the stock exchange or a public holiday
“Member”	means any person for the time being registered as the holder of shares in the share capital of the Company in the Register of Members (except Bursa Malaysia Depository Sdn Bhd in its capacity as bare trustee) and any Depositor whose name appears in the Record of Depositors and who has a credit balance of shares in the Company in his or her Securities Account who shall be treated as if he were a Member pursuant to Section 35 of the Central Depositories Act
“Ordinary Resolution”	shall have the meaning ascribed to it in Section 291 of the Act
“Record of Depositors”	means a record provided by the Central Depository to the Company pursuant to an application under Chapter 24.0 of the CD Rules
“Register of Members”	means the register of members to be kept pursuant to the Act
“Rule”	means a rule contained in the Constitution
“Securities”	means securities as defined in Section 2 of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force
“Securities Account”	means an account established by the Central Depository for a Depositor for the recording of deposits of Securities and for dealing in such Securities by the Depositor as defined in the Central Depositories Act and/or the CD Rules

15. ADDITIONAL INFORMATION (Cont'd)

Words	Meaning
“Special Resolution”	shall have the meaning ascribed to it in Section 292 of the Act
“Stock Exchange”	means Bursa Malaysia Securities Berhad and its successors in title and permitted assigns

(i) Transfer of securitiesRule 47 – No restriction on transfer of fully paid up Listed Securities

Subject to the Constitution, the CD Rules and except as may be required by law, there shall be no restriction on the transfer of fully paid-up Listed Securities in the Company.

Rule 48 –Transfer of Securities

The transfers of any Listed Securities or class of Listed Securities in the Company shall be by way of book entry by the Central Depository in accordance with the CD Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemptions that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Securities.

Rule 49 – Refusal to register transfer

The Central Depository may refuse to register any transfer of Deposited Securities if it does not comply with the Central Depositories Act or the CD Rules.

Rule 50 – Company and Directors not liable if transfer of Securities inoperative due to fraud

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of Listed Securities although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the Listed Securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside. In every such case, the person registered as transferee, his executors, administrators and assignees, subject to compliance with the Act, the Central Depositories Act and the CD Rules, alone shall be entitled to be recognised as the holder of such Listed Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

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15. ADDITIONAL INFORMATION (Cont'd)Rules 51 to 52 – Suspension of registration of transfersRule 51

Registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine but no part of the Register of Members shall be closed for more than thirty (30) days in the aggregate in any calendar year. Ten (10) Market Days' (or such other minimum period as may be prescribed by the Stock Exchange) notice of intention of such suspension or of any books closing date shall be published in a daily newspaper circulating in Malaysia and notice in writing shall also be given to the Stock Exchange. The said notice shall state the purpose or purposes for the suspension or books closing. In relation to the suspension or books closing, the Company shall give written notice to the Central Depository to issue the appropriate Record of Depositors in accordance with the Central Depositories Act and the CD Rules within such time as is required by the Central Depository to enable the Central Depository to issue the relevant Record of Depositors.

Rule 52

The transfer of Securities other than Listed Securities shall be in accordance with the Act.

(ii) Transmission of sharesRule 53 – Death of holder of shares

In case of the death of a Member or debenture holder, the persons recognised as having any title to his interest in the shares or debentures shall be –

- 53.1. where the deceased was a sole holder, the legal personal representatives; and
- 53.2. where the deceased was a joint holder, the survivor,

but nothing in the Rule shall release the estate of the deceased joint holder from any liability in respect of any share or debenture which had been jointly held by him with other persons.

Rule 54 – Right of election by holders of shares or debentures

- 54.1. A person to whom the right to shares or debentures are transmitted by operation of law may elect –
 - (a) to be registered as a shareholder or debenture holder in respect of the shares or debentures by written notice to the Company and to the Central Depository; or
 - (b) to have another person registered as a shareholder or debenture holder in respect of the shares or debentures and testify such election by executing to that person a transfer of those shares or debentures, as the case may be.
- 54.2. All limitations, restrictions and provisions of the Constitution, the CD Rules, the Act and the Listing Requirements in relation to the right to transfer and the registration of transfers of shares and debentures shall apply to any notice or transfer of shares or debentures as if the death or bankruptcy of the shareholder or debenture holder had not occurred and the notice or transfer were signed by that shareholder or debenture holder.

15. ADDITIONAL INFORMATION (Cont'd)

- 54.3. Any document which is by law sufficient evidence of probate of the will or letters of administration of the estate of a deceased person having been granted to a person shall be accepted by the Company as sufficient evidence of the grant.
- 54.4. Subject to the provisions of the Constitution, the CD Rules, the Act and the Listing Requirements, the Company shall register the person as a shareholder or debenture holder of the Company within sixty (60) days from receiving the notification.
- 54.5. The registration of a transmission of shares or debenture under the Constitution shall entitle the registered holder to the same dividends and other advantages and to the same rights in relation to meetings of the Company or to voting or otherwise.

(iii) Remuneration of Directors**Rule 128 – Fees and benefits of Directors**

- 128.1. Fees and benefits payable to Directors shall be subject to annual shareholder approval at a general meeting and shall not be increased except pursuant to a resolution passed at a general meeting, where notice of proposed increase has been given in the notice convening the meeting. The Directors may also be reimbursed for all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of directors or general meetings of the Company or in connection with the business of the Company.
- 128.2. Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.
- 128.3. An Alternate Director shall not be entitled to receive any fees, compensation or benefits other than out of the fees and benefits of the Director who appointed him.

Rule 129 – Extra fees and benefits for performing special services

Subject to Rule 128, any Director who by request of the Board serves on any committee or performs special services for any purposes of the Company may be paid such extra fees and benefits (subject to any other provisions of the Constitution) as the Board may determine.

15. ADDITIONAL INFORMATION (Cont'd)Rule 131 – Power to establish and maintain pensions and funds

The Directors may establish and maintain or provide or procure the establishment and maintenance of any non-contributory or contributory pension, provident or superannuation funds or other pension funds or such other funds as the Board may deem fit and to make or establish such arrangements or schemes for the benefit of and to give or procure the giving of donations, gratuities, pensions, allowances, emoluments or other moneys to or for the benefit of any persons who are or were at any time in the employment or service of the Company or its predecessors in business or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such other company, as the Company deems fit, or who are or were at any time Directors or officers of the Company or of any other company as aforesaid and holding or who held any salaried employment or office in the Company or such predecessors or other company and the wives, widows, families and dependants of any such persons, and make payments for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always, if the Act shall so require, to particulars with respect thereto being disclosed to the Members and to the proposal being approved by the Company by Ordinary Resolution, a Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument. A Director may be counted in the quorum present at a meeting upon the consideration of a motion in respect of any matter referred to in this Rule but may not vote as a Director upon any resolution in respect of any such matter if he is personally interested in such matter.

(iv) Voting and borrowing powers of DirectorsRules 179 to 180 – Directors' borrowing powersRule 179

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities. The Directors shall restrict the borrowings of the Company and exercise all rights exercisable by the Company in relation to its subsidiaries so as to secure (as regards subsidiaries so far as by such exercise they can secure) that, save with the previous sanction of the Company, by Ordinary Resolution, no money shall be borrowed if the aggregate principal amount outstanding (including any premium payable on final repayment) of all money borrowed by the group (which expression means the Company and its subsidiaries for the time being) and for the time being owing to persons outside the group then exceeds or would, as a result of such borrowing, exceed an amount equal to 3 times the aggregate of –

- (a) the amount paid up on the issued share capital of the Company; and
- (b) the total of the capital and revenue reserves of the Company and its subsidiaries (including any credit balance on the consolidated profit and loss account) but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiaries and deducting any debit balance on the consolidated profit and loss account,

all as shown in the then latest audited consolidated balance sheet of the Company and its subsidiaries but adjusted as may be necessary in respect of –

- (a) all subsidiaries which were not dealt with by or which have been acquired since the date of such balance sheet; and

15. ADDITIONAL INFORMATION (Cont'd)

- (b) all variations in the paid-up share capital of the Company since the date of such balance sheet.

For the purposes of the foregoing –

- (i) the amount outstanding in respect of acceptance by the Company or by any subsidiary of the Company or by any bank or acceptance house under any acceptance credit opened on behalf of the Company or any subsidiary of the Company (not being acceptance in relation to the purchase or sale of goods in the ordinary course of business) shall be taken into account as monies borrowed;
- (ii) monies borrowed for the purpose of repaying the whole or any part of any monies previously borrowed and then outstanding (including any premium payable on final repayment thereof) and applied for that purpose within six (6) months of such borrowing shall not, pending such application, be taken into account as monies borrowed;
- (iii) the principal amount (including any premium payable on final repayment) of any debentures issued for a consideration other than cash shall be taken into account as monies borrowed by the Company issuing the same;
- (iv) monies borrowed by a partly owned subsidiary and not owing to another Member of the group shall be taken into account subject to the exclusion of a proportion thereof equal to the minority proportion; monies borrowed from and owing to a partly owned subsidiary by another Member of the group shall be taken into account to the extent of a proportion thereof equal to the minority proportion of the lender, subject to the exclusion of a proportion thereof equal to the minority proportion (if any) of the borrower; in this sub-paragraph (iv), “minority proportion” shall mean the proportion of the issued equity share capital of the partly owned subsidiary which is not attributable to the Company;
- (v) notwithstanding the provisions of sub-paragraph (iv), there shall be deemed to have been borrowed and to be outstanding as borrowed monies of the relevant Member of the group (to the extent that the same would not otherwise fall to be taken into account) the principal amount of any monies borrowed from persons outside the group by a partly owned subsidiary the repayment whereof is guaranteed or wholly or partly secured by any Member of the group.

No debt incurred or security given in respect of monies borrowed or to be taken into account as monies borrowed in excess of the aforesaid limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded, but no lender or other person dealing with the Company shall be concerned to inquire whether such limit is observed.

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertakings or property or any uncalled capital or issue debentures or other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

15. ADDITIONAL INFORMATION (Cont'd)

Rule 180

The Directors shall cause to be kept the register of their holdings of shares and debentures of the Company and of its holding company (if any), and of any subsidiaries of the Company or its holding company, required by Section 59 of the Act, and shall render the same available for inspection during the period and by the persons therein specified, and shall produce the same at every Annual General Meeting as required by the Section.

Rule 150 – Chairman

The Directors may elect a chairman or deputy chairman of their meetings and determine the period for which he/she is to hold office but, if no such chairman or deputy chairman is elected, or if at any meeting the chairman or deputy chairman is not present within 5 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be the chairman of the meeting.

Rules 132 to 133 – Contracts or arrangements which Directors are interestedRule 132

132.1. Subject to the Act and the Listing Requirements, no Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relation thereby established, but the nature and extent of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he became so interested or, in a case where the Director becomes interested in a contract or arrangement after it is made, at the first meeting of the Directors held after he becomes so interested; provided, nevertheless, that, subject to any other provisions of the Constitution, a Director shall not vote at any meeting of the Board in respect of any contract, proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at a meeting upon the consideration of a motion concerning any such contract or arrangement.

132.2. A general notice in writing, which complies with Sections 221(4) and (5) of the Act, given to the Directors by any Director shall be deemed to be sufficient declaration of interest in relation to the subject matter of the notice.

15. ADDITIONAL INFORMATION (Cont'd)Rule 133

Subject to Rule 132.1 and the Listing Requirements, any Director may continue to be or become a director, managing director, manager or other officer or Member of any other corporation in which the Company may be interested, and no such Director shall be accountable for any fees and benefits received by him as a director, managing director, manager or other officer or member of any such other corporation. The Directors may exercise the voting power conferred by the shares in any other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them as directors, managing directors, managers or other officers of such corporation, or providing for the payment of fees and benefits to the directors, managing directors, managers or other officers of such corporation), and any Director of the Company may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or be about to be, appointed a director, managing director, manager or other officer of such other corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid, provided always that no Director shall vote (or be counted in the quorum) in respect of a resolution concerning his own appointment in the Company.

Rule 165

Subject to the provisions of the Act, a Director who has an interest in the manner set out in the Act in a contract or proposed contract with the Company –

- 165.1. shall be counted only to make the quorum at the meeting of the Board;
- 165.2. shall not participate in any discussion while the contract or proposed contract is being considered at the meeting; and
- 165.3. shall not vote on the contract or proposed contract, and if so votes, his vote shall not be counted.

(v) Changes in capital and variation of class rightsRule 8 – Preference share

- 8.1. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued, any shares in the Company (whether forming part of the original capital or not) may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, provided that the holders of preference shares shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and audited accounts and attending general meetings of the Company but shall only have the right to vote in each of the following circumstances:-
 - (a) when the dividend or part of the dividend on the share is in arrears for more than 6 months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

15. ADDITIONAL INFORMATION (Cont'd)

- (d) on a proposal that affects rights attached to the share;
 - (e) on a proposal to wind up the Company; and
 - (f) during the winding-up of the Company.
- 8.2. Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.
- 8.3. The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholder rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned, provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference capital concerned within 2 months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

The provisions on the changes in capital and variation of class rights are in line with the Act.

Rules 9 to 12 – Authority of Directors to allot sharesRule 9

Subject to the provisions of the Act, Listing Requirements and the Constitution, the Directors may issue shares in the Company on such terms and conditions and at such time and consideration and with such preferred, deferred, or other special rights, restrictions or exclusions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors may determine PROVIDED HOWEVER that:-

- 9.1. shares in the Company shall not be issued to transfer a controlling interest in the Company without the prior approval of shareholders in general meeting; and
- 9.2. in the case of shares other than ordinary shares, no special rights be attached until the same has been expressed in the Constitution.

The exercise of the aforesaid rights shall be without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares.

Rule 10

Subject to Rule 11, the Directors shall not exercise any power to –

- 10.1. allot shares in the Company;
- 10.2. grant rights to subscribe for shares in the Company;
- 10.3. convert any securities into shares in the Company; or
- 10.4. allot shares under an agreement or option or offer,

unless the prior approval by way of Ordinary Resolution has been obtained.

15. ADDITIONAL INFORMATION (Cont'd)

Rule 11

Subject to the provision of the Act, Listing Requirements and the Constitution, the requirement in Rule 10 shall not apply to –

- 11.1. an allotment of shares or grant of rights pursuant to an offer made to Members of the Company in proportion to the Members' shareholdings;
- 11.2. an allotment of shares or grant of rights pursuant to a bonus issue of shares to Members of the Company in proportion to the Members' shareholdings;
- 11.3. an allotment of shares to a promoter of the Company that the promoter has agreed to take; or
- 11.4. shares which are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company and the Members of the Company have been notified of the intention to issue the shares at least fourteen (14) days before the issue of the shares.

Rule 12

For the purposes of sub-Rule 11.4, Members of the Company are deemed to have been notified of the Company's intention to issue shares if –

- 12.1. a copy of the statement explaining the purpose of the intended issue of shares has been sent to every Member at his last known address according to the Record of Depositors; and
- 12.2. the copy of the statement has been advertised in 1 widely circulated newspaper in Malaysia in the national language and 1 widely circulated newspaper in Malaysia in the English language.

Rules 22 to 23 – Variation of shareholders' rightsRule 22

Subject to Rule 8.3, if the share capital is divided into different classes of shares, the rights attached to any class may be varied by a written consent representing not less than 75% of the total voting rights of the shareholders in that class, or by a Special Resolution passed by shareholders in that class sanctioning the variation.

Rule 23

For the purposes of Rule 22 –

- 23.1. any amendment of a provision contained in the Constitution for the variation of the rights attached to a class of shares or the rights of a class of Members, or the insertion of any such provision into the Constitution, is itself to be treated as a variation of those rights;
- 23.2. references to the variation of rights attached to a class of shares or the rights of a class of Members include an abrogation of those rights; and

15. ADDITIONAL INFORMATION *(Cont'd)*

- 23.3. the issue by the Company of any preference shares ranking equally with existing preference shares issued by the Company shall be deemed to be a variation of the rights attached to those existing preference shares unless the issue of preference shares was authorised by the terms of issue of the existing preference shares or by the Constitution in force at the time the existing preference shares were issued.

15.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List of the Main Market of Bursa Securities, such Shares must be prescribed as securities required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by the constituent documents of our Company.

15.4 GENERAL INFORMATION

- (i) The nature of our business has been disclosed in Section 7 of this Prospectus.
- (ii) Save for the companies within our Group as disclosed in Section 6 of this Prospectus, our Company has not established any other place of business outside Malaysia.
- (iii) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any other stock exchange.
- (iv) No commissions, discounts, brokerages or other special terms have been paid or is payable by our Company within the 2 years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in or debentures of our Company and in connection with the issue or sale of any capital of our Company, and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.
- (v) During the last financial year and up to the date of this Prospectus, there were no:
 - (a) public take-over offers by third parties in respect of our Shares; and
 - (b) public take-over offers by our Company in respect of other companies' shares.

15. ADDITIONAL INFORMATION (Cont'd)

- (vi) Save as disclosed in Section 9.3 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over us.
- (vii) Save as disclosed in Annexure D of this Prospectus, as at the LPD, there are no governmental laws, decrees, regulations or legislations that may affect the repatriation of capital and the remittance of profits of our material foreign subsidiaries, associates and joint ventures by or to us.

15.5 MATERIAL LITIGATION

Save as disclosed below, as at the LPD, we are not engaged in any material litigation, claims or arbitrations, whether as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial or business position of our Group:

(i) National Court of Justice at Waigani, PNG

- (a) **NBPOL vs. Masile Incorporated Land Group (“Masile”);**
- (b) **NBPOL vs. Rikau Incorporated Land Group (“Rikau”); and**
- (c) **NBPOL vs. Meloks Incorporated Land Group (“Meloks”)**
(Masile, Rikau and Meloks are collectively referred to as the “Defendants”)

Prior to our acquisition of NBPOL (which was completed on 2 March 2015), NBPOL had on 31 August 2011 initiated 3 separate legal actions against the Defendants in the National Court of Justice at Waigani, PNG (“**Court**”).

All 3 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 FFB 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 us is the value of the Land to NBPOL, which is around PGK71.3 million (equivalent to around RM94.0 million) based on the NBV of buildings, infrastructures and bearer plants on the Land as at the LPD. In addition, we 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 RM40.5 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. Our counsel is of the view that the Defendants’ cross-claims are unlikely to succeed.

15. ADDITIONAL INFORMATION (Cont'd)

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

Our counsel is of the view that NBPOL's prospects of succeeding in its claims are good.

(ii) Supreme Court of Indonesia

PT SHE vs. PT Anzawara Satria ("PT AS")

On 11 May 2006, our wholly-owned subsidiary, PT SHE, 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 2,128 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 RM9.1 million) as at the LPD. In addition, we 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 therefore 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**").

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 the 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.

15. ADDITIONAL INFORMATION (Cont'd)

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 by PT AS, 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 RM209.9 million) for loss and/or damage caused by PT AS in executing the 1st Judicial Review Decision (i.e. by cutting down oil palm and destroying buildings and infrastructure on the land).

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 RM21.8 million) to be paid by PT AS. A written decision in this regard was issued by the District Court of Batulicin on 13 February 2015 ("**Batulicin District Court Decision**"). On 29 January 2015, PT AS filed an appeal to the Banjarmasin High Court against the Batulicin District Court Decision.

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

On 22 February 2016, PT SHE filed an appeal to the Supreme Court against the 3rd High Court Decision. On 28 March 2016, PT AS filed its reply to PT SHE's appeal.

As at the LPD, the Supreme Court has yet to make a decision. Our counsel is of the view that the Supreme Court should side with the District Court of Batulicin (which decided in favour of PT SHE) as the Banjarmasin High Court (which decided in favour of PT AS) has misapplied the law.

(iii) Supreme Court of Indonesia

PT Mulia Agro Persada ("PT MAP") and PT Palma Sejahtera ("PT PS") vs. PT MGG, PT ASM and PT Indotruba Tengah ("PT ITH")

Our subsidiaries, PT MGG, PT ASM and PT ITH, are involved in a lawsuit brought by PT MAP and PT PS.

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

PT MAP became the shareholder of PT ITH after purchasing 6,200 ordinary shares of PT ITH (representing 50% equity interest in PT ITH as of December 2008, which was funded by PT PS) from Yayasan Kartika Eka Paksi ("**YKEP**").

Once the former officer of YKEP for the term of 2004 to 2009 was dismissed, the newly elected officer of YKEP realised that the transfer of shares from YKEP to PT MAP is a violation of the prohibition for any direct or indirect transfer of assets of a foundation (*Yayasan*) to its affiliated parties. The former officer of YKEP who entered into the earlier sale was PT MAP's shareholder and member of the Board of Directors and Board of Commissioners of PT MAP.

In response, the newly elected officer of YKEP tried to repurchase such shares which had already been sold to PT MAP at the same price as when PT MAP purchased them from YKEP. However, PT MAP refused such offer.

15. ADDITIONAL INFORMATION (Cont'd)

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 in 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 IDR200.0 billion (equivalent to around RM62.4 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:

- (a) the 6,200 ordinary shares in PT ITH are currently owned by YKEP;
- (b) YKEP has also received dividends as a shareholder of PT ITH; and
- (c) there is conflicting decision on the matter of legality of transfer of the 6,200 shares in PT ITH between:
 - (aa) the Judicial Review Decision which nullified such transfer of shares; and
 - (bb) 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.

As at the LPD, the Central Jakarta District Court has yet to render its decision towards the Third Party Opposition (*Gugatan Perlawanan*) filed by the former officers of YKEP.

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.

The compensation sought by PT MAP and PT PS comprise:

- (a) material damages (direct loss) in the amount of IDR247.0 billion (equivalent to around RM77.1 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM42.8 million) until the payment is made to PT MAP and PT PS;

15. ADDITIONAL INFORMATION (Cont'd)

- (b) fine (*dwangsom*) in the amount of IDR250 billion (equivalent to around RM78.0 million); and
- (c) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM156.0 million).

The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM311.1 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. As at the LPD, the Supreme Court has yet to make a decision. Our counsel is of the view that there is no legal ground for PT MAP to act as the holder of the disputed shares, as the shareholder registry of PT ITH has never recorded PT MAP as one of the holders of shares in PT ITH, including the disputed shares.

(iv) Court of Piraeus, Greece**Chantico Ship Management Ltd (“Chantico”) vs. SD Unimills and others**

SD Unimills, our wholly-owned subsidiary, 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 SD Unimills. The percentage of SD Unimills’ 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 cargo owners, including SD Unimills, disembarked and sold the cargo. In the meantime, the vessel was sold to Chantico by the vessel owners.

The disembarkment and sale of the cargo by the cargo owners resulted in various claims and litigation between Chantico (the new vessel owner) and the cargo owners before the Court of Piraeus in Greece.

The following 2 lawsuits are still pending:

- (a) 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 cargo owners so far and has yet to be served on SD Unimills.

15. ADDITIONAL INFORMATION (Cont'd)

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 (1 of which is SD Unimills), jointly and severally, is EUR11.3 million (equivalent to around RM55.7 million).

In addition, Chantico claimed a storage fee from each cargo owner based on Chantico's alleged management of cargo owner's assets, and the total amount claimed from SD Unimills is EUR8.4 million (equivalent to around RM41.4 million).

Upon request of the parties, the Court adjourned the hearing of 7 March 2017 with no appointed date for resumption. To revive the proceedings, Chantico has to serve the writ on all cargo owners.

The potential exposure of SD Unimills under Lawsuit 1 could be up to around EUR19.7 million (equivalent to around RM97.0 million), being the total of Chantico's claims under Lawsuit 1.

- (b) Proceedings before the Court of Piraeus, started in December 2015 ("Lawsuit 2") and filed against the same 9 cargo owners, including SD Unimills, and a third party.

As at the date of this Prospectus, a writ was served on 4 cargo owners, including SD Unimills.

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 RM45.8 million) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000.00 (equivalent to around RM1.9 million) for port and anchorage dues.

Similarly, in these proceedings, the Court adjourned the hearing of 7 March 2017 with no appointed date for resumption. There has been no progress since then and we are advised that Chantico will have to incur considerable costs in order to revive the proceedings.

The potential exposure of SD Unimills under Lawsuit 2 could be up to around EUR9.7 million (equivalent to around RM47.8 million), being the total of Chantico's claims under Lawsuit 2.

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 SD Unimills, 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 prepared to contribute to a settlement with a total sum of EUR583,000 (equivalent to around RM2.9 million) for the 7 European cargo owners, of which SD Unimills' share is 27.25% (or EUR158,867.50 (equivalent to around RM782,500)).

Our counsel estimates the exposure of SD Unimills at EUR389,060.00 (equivalent to around RM1.9 million) for Lawsuit 1 and EUR18,087.00 (equivalent to around RM89,100.00) for Lawsuit 2.

15. ADDITIONAL INFORMATION (Cont'd)**15.6 MATERIAL CONTRACTS**

Save as disclosed below, as well as the Trademark and Brand Licence Agreement and Donation Agreement as disclosed in Sections 7.21 and 4.1.2(v) of this Prospectus respectively, we have not entered into any material contracts that are not in the ordinary course of our business during the 2 years immediately preceding the date of this Prospectus:

(i) Business asset purchase agreements dated 5 October 2016

On 5 October 2016, our Company entered into the following agreements with the following wholly-owned subsidiaries of I&P Group Sdn Berhad:

- (a) business asset purchase agreement with Yong Peng Realty Sdn Bhd for the acquisition of 2 estates known as Talisman Estate and Lian Seng Estate comprising 198 parcels of lands located in Johor measuring a total of 787.8055 Ha (including the buildings erected thereon which includes workers' quarters), together with the accompanied mobile equipment and vehicles, for a cash consideration of RM77.6 million; and
- (b) business asset purchase agreement with Perusahaan Minyak Sawit Bintang Sdn Bhd for the acquisition of a palm oil mill known as Bintang Palm Oil Mill, workers' quarters and ancillary buildings built on 4 parcels of lands located in Johor measuring a total of 8.1063 Ha as well as the accompanied machinery and equipment, and mobile equipment and vehicles, for a cash consideration of RM29.1 million.

These acquisitions were completed on 6 April 2017.

(ii) Land Option Agreements

On 25 August 2017, our Company entered into 9 call option agreements with SD Property where our Company has granted call options to SD Property to purchase the legal and beneficial ownership of and title to the following 9 parcels of land respectively, at any time during the Option Period at a purchase price to be determined by the board of directors of the parties based on valuation to be conducted by an agreed independent valuer, subject to the terms and conditions of the respective agreements, which include the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange:

- (a) 1,862 acres of land located within Kulai A estate in Johor;
- (b) 3,186 acres of land located within Kulai B estate in Johor;
- (c) 2,000 acres of land located within Sepang estate in Selangor;
- (d) 993 acres of land located within Sungai Kapar estate in Selangor;
- (e) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor;
- (f) 485 acres of land located within Lothian (Sepang) estate in Selangor;
- (g) 864 acres of land located within Byram estate in Pulau Pinang;
- (h) 268 acres of land located within Ainsdale West estate, Negeri Sembilan; and
- (i) 148 acres of land located within Bukit Selarong estate, Kedah.

15. ADDITIONAL INFORMATION (Cont'd)

The agreed independent valuer shall value the Option Lands based on agricultural status with development potential, using the methodology as it may determine. The option is granted for a nominal consideration of RM10.

The parties further agreed that, after the acquisition of the Option Lands, if SD Property intends to lease, rent or grant licences over any part of the Option Lands for the purposes of oil palm planting and/or harvesting (and/or any agricultural venture), SD Property agreed to first offer the same to our Company for tenancy. If our Company exercises our right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached in the respective Land Option Agreements.

Please refer to Section 4.1.2(i) of this Prospectus for further details of the Land Option Agreements and the abovementioned tenancy agreement.

(iii) MVV sale and purchase agreements

Our Company entered into the following sale and purchase agreements with KSDB, a wholly-owned subsidiary of SDB, and SD Property respectively for the sale of an aggregate of 10,676 acres of land earmarked for the Malaysia Vision Valley project which is located in Labu, Negeri Sembilan (“**MVV Land**”):

- (a) sale and purchase agreement dated 7 June 2017 with KSDB (as amended pursuant to a letter dated 25 October 2017) where our Company agreed to sell 8,796 acres of the MVV Land comprising 29 parcels of land for a cash consideration of RM2,503,612,015. The sale was completed on 30 June 2017; and
- (b) sale and purchase agreement dated 9 June 2017 with SD Property (as amended pursuant to letters dated 29 September 2017 and 17 October 2017) where our Company agreed to sell 1,880 acres of the MVV Land comprising 22 parcels of land for a cash consideration of RM689,587,408. The sale was completed on 29 September 2017.

(iv) Sale and purchase agreement dated 25 October 2017 in respect of the disposal of estate lands in Melaka

On 25 October 2017, our Company entered into a sale and purchase agreement with Paduwan Realty Sdn Bhd for the disposal of 15 parcels of agriculture land measuring about 366.13 acres in total at Union Division, Diamond Jubilee Estate, Melaka together with all fixtures, buildings, crops, etc., for a total cash consideration of RM118,817,240.00 calculated at the rate of RM7.45 per square foot, subject to the terms and conditions of the agreement. The sale is pending completion as at the date of this Prospectus.

(v) Sale and purchase agreement dated 27 October 2017 in respect of the sale of zero coupon redeemable loan stocks of Prolintas Expressway Sdn Bhd

On 27 October 2017, our wholly-owned subsidiary, Kumpulan Jelei Sdn Bhd entered into a sale and purchase agreement with PNB for the sale and transfer of the RM500.0 million nominal value of zero coupon redeemable loan stocks issued by Prolintas Expressway Sdn Bhd, an indirect subsidiary of PNB, for a cash consideration of RM333,243,800.00, subject to the terms and conditions of the agreement. The sale is pending completion as at the date of this Prospectus.

15. ADDITIONAL INFORMATION (Cont'd)**15.7 CONSENTS**

The written consents of the Principal Adviser, legal adviser, principal bankers and the Share Registrar as set out in the Corporate Directory Section of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of PricewaterhouseCoopers (AF 1146), the Auditors and Reporting Accountants for the inclusion of its name, Reporting Accountants' Opinion on the Consolidated Financial Statements of our Company contained in the Accountants' Report, Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position of our Company and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consents of Melli Darsa & Co. (a member of PwC global network), Ashurst PNG, Michael Pitakaka Law Chamber, Pierre, Tweh & Associates, Inc., Ten Holter Noordam advocaten, Norton Rose Fulbright (Thailand) Limited, Norton Rose Fulbright LLP, AllBright Law Offices, Norton Rose Fulbright US LLP, Norton Rose Fulbright Hong Kong, Norton Rose Fulbright (Asia) LLP, and Conyers Dill & Pearman Pte. Ltd., the legal advisers for our respective material foreign subsidiaries, associates and joint ventures for the inclusion of their names, their respective legal opinions and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of Frost & Sullivan, the independent market research consultant for the inclusion of its name, its executive summary of the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Bloomberg Finance L.P. for the inclusion of its name as the source for the mid-day rate of PGK and RM as at 31 October 2017, and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) our highly dependent contract and our material contracts as referred to in Sections 7.24 and 15.6 of this Prospectus respectively;
- (iii) our audited consolidated financial statements for the FYEs 30 June 2015 to 2017;
- (iv) audited financial statements of our subsidiaries for the FYEs 30 June 2015 to 2017, where applicable;
- (v) Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position of our Company as included in Section 12.4 of this Prospectus;
- (vi) Reporting Accountants' Opinion on the Consolidated Financial Statements of our Company contained in the Accountants' Report as included in Section 13 of this Prospectus;

15. ADDITIONAL INFORMATION (Cont'd)

- (vii) executive summary of the IMR Report as included in Section 8 of this Prospectus and the IMR Report as prepared by Frost & Sullivan;
- (viii) Directors' Report as included in Section 14 of this Prospectus;
- (ix) letters of consent as referred to in Section 15.7 of this Prospectus;
- (x) cause papers in relation to the material litigation as referred to in Section 15.5 of this Prospectus; and
- (xi) opinions on governmental laws, decrees, regulations or legislations relating to repatriation of capital and remittance of profit of our material foreign subsidiaries, associates and joint ventures by or to our Company as included in Annexure D of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

Our Directors and the Promoter have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, as the Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Listing.

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ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

A.1 PROPERTIES OWNED AND/OR LEASED BY OUR GROUP

The details of material lands and buildings, and material properties owned and/or leased by us as at the LPD are as follows:

A.1.1 Material estates owned and/or leased by our Group

Malaysia

Unless otherwise stated, all material estates in Malaysia are owned by our Group.

(1) Johor

Registered and/or beneficial owners : Consolidated Plantations Berhad, Kumpulan Temiang Sdn Bhd, SD Plantation⁽¹⁾⁽²⁾, Sime Darby Plantation Childcare Centre Sdn Bhd, Mad. Jamil Bin Kardi⁽²⁾, Md. Shapingi Bin Abd. Aziz⁽²⁾, Roslee Bin A. Manap⁽²⁾, Sajiman Bin Marto⁽²⁾, Sime Darby Plantation (Peninsular) Sdn Bhd, Kundong Tanjong Pau Company Limited⁽³⁾, The London Asiatic Rubber and Produce Company Limited, Kumpulan Jerai Sdn Bhd, Lembaga Kemajuan Johor Tenggara⁽⁴⁾, Yong Lin Soo⁽⁵⁾ and Chen Woo Ying⁽⁶⁾

Notes:

- (1) 5 out of 202 land titles acquired by our Company from Yong Peng Realty Sdn Bhd and Perusahaan Minyak Sawit Bintang Sdn Bhd on 6 April 2017 are still in the process of being transferred to our Group.
- (2) Our Company is one of the co-owners of a land.
- (3) This company has been liquidated. Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the land to our Group.
- (4) Land leased to our Group through a lease arrangement in relation to the same.
- (5) Land was sold to our Group and is currently pending the execution of the transfer form.
- (6) Our Company is in the process of locating the registered proprietor in order to effect the transfer of land.

In relation to notes (1), (3), (5) and (6), until the titles are registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferors of the titles and will not have benefit of full legal ownership provided under the law for registered ownership.

Existing use : Cultivated with oil palm and rubber, including buildings, roads, facilities and other amenities

Locality : Mukim Jementah, Mukim Gemas, Mukim Rengam, Mukim Layang-Layang, Mukim Jorak, Mukim Chaah Bahru, Mukim Ulu Sungai Johor, Mukim Sedenak, Mukim Tanjong Sembrong, Mukim Buloh Kasap, Mukim Niyor, Mukim Kluang, Mukim Paloh, Mukim Labis, Mukim Senai, Mukim Sungai Raya, Mukim Tangkak, Mukim Kulai, Mukim Kundang, Mukim Pengkalan Bukit, Mukim Serom, Mukim Bukit Serampang, Mukim Grisek, Mukim Bekok, Mukim Jalan Bakri and Mukim Lenga

Total land area : 73,068 Ha

No. of estates : 27

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No. of land titles	:	709		
Encumbrances on property	:	(i)	There are 5 leases to Tenaga Nasional Berhad, each of which is for a tenure of 30 years commencing from 12 August 1989, 15 November 1992, 1 August 2015 (for 2 leases) and 15 June 2016 respectively, for electricity substations;	
		(ii)	There are 3 leases to Guthrie Plantation & Agricultural Services Sdn Bhd, each of which is for a tenure of 30 years commencing from 1 January 1996, for R&D purposes;	
		(iii)	There is 1 lease to SD Seeds & Agricultural for a tenure of 15 years commencing from 1 July 2011, for R&D purposes; and	
		(iv)	There is 1 registrar caveat entered on 1 title on 3 February 1972.	
Category of land use	:	Agriculture		
Tenure	:	675 titles of freehold land and 34 titles of leasehold land. All leasehold titles are for periods between 60 to 999 years, expiring between 2020 to 2918		
Restrictions-in-interest	:	(i)	22 titles cannot be sold, charged, leased or transferred unless with the consent from the state authority; and	
		(ii)	In respect of 5 titles which are leased from Lembaga Kemajuan Johor Tenggara, there are restrictions of interest that the lands cannot be sold, charged, leased or transferred unless with the consent from the state authority. However, Lembaga Kemajuan Johor Tenggara is allowed to lease and transfer the lands to its subsidiaries which will develop the said lands. Further, the subsidiaries of Lembaga Kemajuan Johor Tenggara are allowed to lease or charge the said lands to any financing institutions or banks to obtain loans to finance the development of the said lands.	
Other endorsement	:	(i)	There are land acquisition proposals in respect of 7 titles;	
		(ii)	There are rights of way for electrical cables or lines in respect of 16 titles;	
		(iii)	There are land administrator's and/or public rights of way in respect of 1 title; and	
		(iv)	1 title is subject to an application for surrender and re-alienation of land.	
Average age profile of the oil palm	:	<u>Age profile</u>	<u>Ha</u>	<u>%</u>
		Immature (0 to 3 years)	9,308	14
		Young (4 to 8 years)	13,157	20
		Prime (9 to 18 years)	29,649	46
		Old mature (19 years to 22 years)	10,109	16
		Old (above 22 years)	2,852	4
		Total planted area	<u>65,075</u>	<u>100</u>

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Average age profile of the rubber	: Age profile	Ha	%
	Immature (0 to 6 years)	1,526	57
	Young (7 to 12 years)	397	15
	Prime (13 to 18 years)	215	8
	Old (19 years to 25 years)	549	20
	Total planted area	<u>2,687</u>	<u>100</u>
Total estate land area	: Estate land area	Ha	%
	Oil palm planted area	65,075	89
	Rubber planted area	2,687	4
	Nursery	100	-*
	Building, sites and roads	3,635	5
	Others^	1,571	2
	Total estate land area	<u>73,068</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM1,572,688,360

There are 52 titles (measuring in aggregate 5,509.03 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group has submitted or will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted. The estimated cost for the same is RM1,652,708.

There are also 3 titles (measuring in aggregate 404.85 Ha) where the categories of land use stated in the same are inconsistent with the express conditions. Our Company will be engaging the relevant land offices to reconcile and rectify such inconsistencies in the titles.

(2) Kedah

Registered and/or beneficial owners : SD Austral Holdings, Kumpulan Jerai Sdn Bhd⁽¹⁾, SD Plantation, Consolidated Plantations Berhad, Harvard Jerai Development Sdn Bhd⁽¹⁾, Highlands and Lowlands Berhad⁽²⁾ and Sime Darby Plantation (Peninsular) Sdn Bhd

Notes:

(1) Our subsidiary is the co-owner of 2 lands.

(2) Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the land to our Group. Until the title is registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferor of the title and will not have benefit of full legal ownership provided under the law for registered ownership.

Existing use : Cultivated with oil palm and rubber, including buildings, roads, facilities and other amenities

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Locality	:	Mukim Teloi Kiri, Mukim Padang China, Bandar Kulim, Bandar Padang Serai, Mukim Sidam Kiri, Mukim Bakai, Mukim Sedim, Mukim Terap, Bandar Gurun, Mukim Padang Meha, Pekan Sungai Karangan, Pekan Labu Besar, Mukim Tawar, Bandar Sungai Petani, Mukim Karangan, Mukim Sungai Ular, Mukim Serdang, Mukim Sungai Seluang, Pekan Karangan, Mukim Kupang, Mukim Sidam Kanan and Mukim Bagan Serai		
Total land area	:	18,902 Ha		
No. of estates	:	7		
No. of land titles	:	251		
Encumbrances on property	:	There are 3 leases to Tenaga Nasional Berhad, each of which is for a tenure of 30 years commencing from 1 December 1990, 15 July 1992 and 15 January 1999 respectively, for electricity substations		
Category of land use	:	Agriculture and building		
Tenure	:	250 titles of freehold land and 1 title of leasehold land. The leasehold title is for a period of 60 years, expiring in 2068		
Restrictions-in-interest	:	(i)	3 titles under Malay Reserved Land are subject to cancellation by the State Council if there is any attempt to change the right or interest in the lands to a non-Malay; and	
		(ii)	1 title is restricted from being used for buildings save for buildings related to rubber plantations.	
Other endorsement	:	(i)	29 titles are classified as Malay Reserved Land. Our Group has no available conclusive evidence to verify that our Group is entitled to own the same. Our Company will be engaging with the relevant state authorities to address this issue. If necessary, our Group will seek the relevant declarations to qualify as a "Malay" in order to hold the same;	
		(ii)	There are rights of way for electrical cables or lines in respect of 8 titles; and	
		(iii)	There are wayleaves for electricity supply in respect of 2 titles.	
Average age profile of the oil palm	:	<u>Age profile</u>	<u>Ha</u>	<u>%</u>
		Immature (0 to 3 years)	532	4
		Young (4 to 8 years)	3,045	21
		Prime (9 to 18 years)	8,222	56
		Old mature (19 years to 22 years)	2,700	18
		Old (above 22 years)	165	1
		Total planted area	<u>14,664</u>	<u>100</u>

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Average age profile of the rubber	:	Age profile	Ha	%
		Immature (0 to 6 years)	3,161	100
		Young (7 to 12 years)	-	-
		Prime (13 to 18 years)	-	-
		Old (19 years to 25 years)	-	-
		Total planted area	3,161	100
Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	14,664	78
		Rubber planted area	3,161	17
		Nursery	44	-*
		Building, sites and roads	1,033	5
		Others^	-	-
		Total estate land area	18,902	100

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM405,583,578

There are 181 titles (measuring in aggregate 8,392.39 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group has submitted or will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted for 131 titles (measuring in aggregate 6,754.30 Ha). The estimated cost for the same is RM1,688,575.

For the remaining 50 titles (measuring in aggregate 1,638.09 Ha), our Group intends to replant certain crops to ensure compliance with the express conditions.

(3) Melaka

Registered and/or beneficial owners : Kumpulan Tebong Sdn Bhd, Kumpulan Temiang Sdn Bhd, Sime Darby Plantation (Peninsular) Sdn Bhd, SD Plantation, China Engineers (Malaysia), The London Asiatic Rubber and Produce Company Limited, Guthrie Rubber Processing Sdn Bhd⁽¹⁾, The Malacca Rubber Plantations Ltd⁽¹⁾ and Consolidated Plantations Berhad

Note:

(1) These companies have been liquidated. Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the lands to our Group. Until the titles are registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferors of the titles and will not have benefit of full legal ownership provided under the law for registered ownership.

Existing use : Cultivated with oil palm, including buildings, roads, facilities and other amenities

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Locality : Mukim Umbai, Mukim ChinChin, Mukim Chabau, Mukim Ayer Molek, Mukim Gadek, Mukim Padang Sebang, Mukim Kesang, Mukim Pegoh, Mukim Ayer Kuning, Mukim Serkam, Mukim Rim, Mukim Jasin, Mukim Tebong, Mukim Gemenchah, Mukim Kemuning, Mukim Merlimau, Mukim Nyalas, Pekan Asahan Seksyen II, Mukim Ayer Panas, Mukim Selandar, Mukim Rembia and Mukim Lendu

Total land area : 15,430 Ha*

Note:

* Upon completion of the sale and purchase agreement dated 25 October 2017 as disclosed under Section 15.6(iv) of this Prospectus, the total land area in Melaka will be reduced by 148.17 Ha (366.13 acres).

No. of estates : 5

No. of land titles : 249* (including lands located in Negeri Sembilan which are located at the border of Melaka and Negeri Sembilan)

Note:

* Includes 15 land titles that are in the process of being disposed of by SD Plantation (14 land titles) and Kumpulan Tebong Sdn Bhd (1 land title) to Paduwan Realty Sdn Bhd pursuant to a sale and purchase agreement dated 25 October 2017 as disclosed under Section 15.6(iv) of this Prospectus.

Encumbrances on property : (i) There is 1 lease to Tenaga Nasional Berhad for a tenure of 30 years commencing from 1 January 1998, for electricity substation; and
(ii) There are 3 leases to Kumpulan Tebong Sdn Bhd, each of which is for a tenure of 30 years commencing from 1 January 2006, for oil palm cultivation by Kumpulan Tebong Sdn Bhd.

Category of land use : Agriculture and residential house

Tenure : 230 titles of freehold land and 19 titles of leasehold land. All leasehold titles are for periods between 60 to 99 years, expiring between 2025 to 2071

Restrictions-in-interest : 2 titles cannot be transferred, rented or leased unless with the consent from the state authority

Other endorsement : (i) There are rights of way for electrical cables or lines in respect of 9 titles; and
(ii) There are land acquisition proposals in respect of 3 titles.

Average age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	1,790	12
	Young (4 to 8 years)	2,574	18
	Prime (9 to 18 years)	6,431	44
	Old mature (19 years to 22 years)	1,392	10
	Old (above 22 years)	2,359	16
	Total planted area	<u>14,546</u>	<u>100</u>

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	14,546	94
		Nursery	21	-*
		Building, sites and roads	567	4
		Others^	296	2
		Total estate land area	15,430	100

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM245,583,307

There are 31 titles (measuring in aggregate 1,946.23 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group has submitted or will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted. The estimated cost for the same is RM289,515.

(4) Negeri Sembilan

Registered and/or beneficial owners : Kumpulan Linggi Sdn Bhd, Kumpulan Sua Betong Sdn Bhd, Kumpulan Tebong Sdn Bhd, Sime Darby Plantation (Peninsular) Sdn Bhd, SD Plantation, China Engineers (Malaysia), The Sungei Bahru Rubber Estates Plc, Kempas (Malaya) Limited⁽¹⁾, Seafield Amalgamated Rubber Company Limited⁽¹⁾, Consolidated Plantations Berhad and Guthrie Rubber Processing Sdn Bhd⁽¹⁾

Note:

(1) *These companies have been liquidated. Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the lands to our Group. Until the titles are registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferors of the titles and will not have benefit of full legal ownership provided under the law for registered ownership.*

Existing use : Cultivated with oil palm and rubber, including buildings, roads, facilities and other amenities

Locality : Mukim Ramuan China Kechil, Mukim Pertang, Mukim Port Dickson, Mukim Rompin, Mukim Jimah, Mukim Labu, Mukim Masjid Tanah, Mukim Gemas, Mukim Jelai, Mukim Rantau, Mukim Juasseh, Pekan Simpang Pertang, Mukim Si Rusa, Mukim Pasir Panjang, Mukim Linggi, Mukim Sungei Baru Ilir, Mukim Ramuan China Besar, Mukim Kajang and Mukim Titian Bintangor

Total land area : 36,230 Ha

No. of estates : 17

No. of land titles : 351 (including lands located in Melaka and Selangor which are located at the border of Melaka, Negeri Sembilan and Selangor)

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Encumbrances on property	:	<ul style="list-style-type: none"> (i) There are 8 leases to Tenaga Nasional Berhad, each of which is for a tenure of 30 years commencing from 15 April 1990, 1 September 1990, 1 November 1990, 29 February 1992 (for 4 leases) and 14 February 1999 respectively, for electricity substations; (ii) There are 9 leases to Kumpulan Tebong Sdn Bhd, each of which is for a tenure of 30 years commencing from 1 January 2006, for oil palm cultivation by Kumpulan Tebong Sdn Bhd; (iii) There are 2 leases to Guthrie Medicare Products (NS) Sdn Bhd, each of which is for a tenure of 30 years commencing from 1 June 1994, for manufacturing purposes; (iv) There are 2 leases to Guthrie Biotech Laboratory Sdn Bhd, each of which is for a tenure of 30 years commencing from 1 January 1997, for R&D purposes; (v) There is 1 lease to Chan Nga, Tam Loi Fong and Tan Tek Che for a tenure of 30 years commencing from 27 April 1994, for a Chinese temple; (vi) There are 3 charges in favour of CIMB (L) Limited, each of which was registered on 2 October 2003 as collateral for sukuk; (vii) There is 1 lease to SD Seeds & Agricultural for a tenure of 10 years commencing from 1 July 2011, for R&D purposes; (viii) There is 1 lease to Guthrie Plantation & Agricultural Services Sdn Bhd for a tenure of 30 years commencing from 1 January 1996, for R&D purposes; and (ix) There is 1 registrar caveat entered on 1 title on 22 February 2012. 																					
Category of land use	:	Agriculture, building and company/industry																					
Tenure	:	346 titles of freehold land and 5 titles of leasehold land. All leasehold titles are for periods between 72 to 99 years, expiring between 2034 to 2072																					
Restrictions-in-interest	:	1 land title cannot be transferred and charged unless with the consent from the state authority																					
Other endorsement	:	<ul style="list-style-type: none"> (i) 1 title is subject to an application to change the conditions, restrictions and category of land; (ii) There are rights of way for electrical cables or lines in respect of 14 titles; and (iii) 2 titles are classified as Malay Reserved Land. Our Group has no available conclusive evidence to verify that our Group is entitled to own the same. Our Company will be engaging with the relevant state authorities to address this issue. If necessary, our Group will seek the relevant declarations to qualify as a "Malay" in order to hold the same. 																					
Average age profile of the oil palm	:	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Age profile</th> <th style="text-align: right; border-bottom: 1px solid black;">Ha</th> <th style="text-align: right; border-bottom: 1px solid black;">%</th> </tr> </thead> <tbody> <tr> <td>Immature (0 to 3 years)</td> <td style="text-align: right;">3,055</td> <td style="text-align: right;">11</td> </tr> <tr> <td>Young (4 to 8 years)</td> <td style="text-align: right;">5,824</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Prime (9 to 18 years)</td> <td style="text-align: right;">16,293</td> <td style="text-align: right;">58</td> </tr> <tr> <td>Old mature (19 years to 22 years)</td> <td style="text-align: right;">2,816</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Old (above 22 years)</td> <td style="text-align: right;">278</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="border-top: 1px solid black;">Total planted area</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">28,266</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">100</td> </tr> </tbody> </table>	Age profile	Ha	%	Immature (0 to 3 years)	3,055	11	Young (4 to 8 years)	5,824	20	Prime (9 to 18 years)	16,293	58	Old mature (19 years to 22 years)	2,816	10	Old (above 22 years)	278	1	Total planted area	28,266	100
Age profile	Ha	%																					
Immature (0 to 3 years)	3,055	11																					
Young (4 to 8 years)	5,824	20																					
Prime (9 to 18 years)	16,293	58																					
Old mature (19 years to 22 years)	2,816	10																					
Old (above 22 years)	278	1																					
Total planted area	28,266	100																					

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Average age profile of the rubber	: Age profile	Ha	%
	Immature (0 to 6 years)	1,552	30
	Young (7 to 12 years)	915	18
	Prime (13 to 18 years)	1,115	22
	Old (19 years to 25 years)	1,536	30
	Total planted area	<u>5,118</u>	<u>100</u>
Total estate land area	: Estate land area	Ha	%
	Oil palm planted area	28,266	78
	Rubber planted area	5,118	14
	Nursery	58	-*
	Building, sites and roads	2,153	6
	Others^	635	2
	Total estate land area	<u>36,230</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as : RM759,561,140
at 30 June 2017

There are 25 titles (measuring in aggregate 1,192.24 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group has submitted or will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted for 17 titles (measuring in aggregate 943.03 Ha). The estimated cost for the same is RM116,937. For the remaining 8 titles (measuring in aggregate 249.21 Ha), our Group intends to replant certain crops to ensure compliance with the express conditions.

There is also 1 title (measuring 0.3485 Ha) where the category of land use stated in the same is inconsistent with the express condition. Our Company will be engaging the relevant land office to reconcile and rectify such inconsistency in the title.

(5) Selangor

Registered and/or beneficial owners	: Consolidated Plantations Berhad, Dusun Durian Plantations Limited, Sime Darby Plantation (Peninsular) Sdn Bhd, SD Plantation, The Kuala Selangor Rubber Plc, The Pataling Rubber Estates Limited and The London Asiatic Rubber and Produce Company Limited
Existing use	: Cultivated with oil palm, including buildings, roads, facilities and other amenities
Locality	: Mukim Jugra, Mukim Tanjong Duabelas, Mukim Jeram, Mukim Sepang, Mukim Api-Api, Mukim Klang, Pekan Asam Jawa, Mukim Kelanang, Mukim Kapar, Mukim Pasangan, Mukim Batang Berjuntai, Pekan Bukit Rotan, Mukim Ulu Tinggi, Mukim Bestari Jaya, Mukim Ijok, Mukim Batu, Pekan Kancong Darat, Mukim Tanjung Karang, Mukim Sabak, Mukim Sungai Panjang, Mukim Teluk Panglima Garang and Mukim Morib
Total land area	: 36,459 Ha
No. of estates	: 10

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No. of land titles : 478

Encumbrances on property :

- (i) There are 3 leases to SD Seeds & Agricultural, each of which is for a tenure of 15 years commencing from 1 July 2011, for R&D purposes;
- (ii) There are 2 leases to H.R.U. Sdn Bhd for R&D purposes. The first lease is for 27 years commencing from 1 January 1996. The second lease covers 3 portions of land which are for tenures of 24 years, 30 years and 37 years respectively, commencing from 1 January 1996;
- (iii) There is 1 lease to Tenaga Nasional Berhad for a tenure of 30 years commencing from 30 August 1991, for electricity substation;
- (iv) There is 1 registrar caveat entered on 1 title on 26 February 2004;
- (v) There is 1 lease to Highlands & Lowlands Berhad for a tenure of 27 years commencing from 1 January 1996, for oil palm cultivation by Highlands & Lowlands Berhad; and
- (vi) There is 1 private caveat entered by Bank Pertanian Malaysia Berhad on 1 title on 15 October 2015⁽¹⁾.

Note:

(1) *Our Group believes that this is an error in the records and will be engaging the relevant land office to rectify the same.*

Category of land use : Agriculture, building and commercial

Tenure : 468 titles of freehold land and 10 titles of leasehold land. All leasehold titles are for a period of 99 years, expiring between 2057 to 2086

Restrictions-in-interest : 1 land title cannot be transferred, leased or charged unless with the consent from the state authority.

Other endorsement :

- (i) There are rights of way for electrical cables or lines in respect of 23 titles;
- (ii) There are land acquisition proposals in respect of 19 titles;
- (iii) 1 title is subject to an application for subdivision of land; and
- (iv) 3 titles are classified as Malay Reserved Land. Our Group has no available conclusive evidence to verify that our Group is entitled to own the same. Our Company will be engaging with the relevant state authorities to address this issue. If necessary, our Group will seek the relevant declarations to qualify as a "Malay" in order to hold the same.

Average age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	5,783	17
	Young (4 to 8 years)	8,509	25
	Prime (9 to 18 years)	12,272	37
	Old mature (19 years to 22 years)	4,690	14
	Old (above 22 years)	2,226	7
	Total planted area	<u>33,480</u>	<u>100</u>

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	33,480	92
		Nursery	84	-*
		Building, sites and roads	2,237	6
		Others^	658	2
		Total estate land area	<u>36,459</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM1,164,640,642

There are 15 titles (measuring in aggregate 436.47 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted. The estimated cost for the same is RM43,647.

(6) Pahang

Registered and/or beneficial owners : SD Austral Holdings, Chermang Development (Malaya) Sdn Bhd, Sime Darby Plantation (Peninsular) Sdn Bhd, SD Plantation and Sepang Nilai Estates Sdn Bhd⁽¹⁾

Note:

(1) This company has been liquidated. Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the land to our Group. Until the title is registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferor of the title and will not have benefit of full legal ownership provided under the law for registered ownership.

Existing use : Cultivated with oil palm, including buildings, roads, facilities and other amenities

Locality : Mukim Hulu Jabur, Mukim Semantan, Mukim Jenderak, Mukim Chenor, Mukim Mentakab, Mukim Pedah, Mukim Burau, Mukim Pulau Tawar, Mukim Kerdau, Mukim Batu Yon and Mukim Telang

Total land area : 19,960 Ha

No. of estates : 7

No. of land titles : 327 (including lands located in Terengganu which are located at the border of Pahang and Terengganu)

Encumbrances on property : (i) There are 5 leases to Tenaga Nasional Berhad, each of which is for a tenure of 30 years from 15 October 1991, 15 December 1991 (for 2 leases), 15 November 1992 and 15 January 1993 respectively, for electricity substations; and
(ii) There is a registrar caveat entered on 1 title on 18 January 2012.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Category of land use	:	Agriculture
Tenure	:	314 titles of freehold land and 13 titles of leasehold land. All leasehold titles are for a period of 99 years, expiring between 2057 to 2086
Restrictions-in-interest	:	(i) 5 titles cannot be transferred, leased and charged unless with the consent from the state authority; and (ii) 1 title is restricted from division into lots which are less than 6 acres per lot.
Other endorsement	:	9 titles are subject to applications to change the conditions, restrictions and category of land

Average age profile of the oil palm	:	<u>Age profile</u>	<u>Ha</u>	<u>%</u>
		Immature (0 to 3 years)	4,177	23
		Young (4 to 8 years)	5,059	27
		Prime (9 to 18 years)	4,245	23
		Old mature (19 years to 22 years)	4,031	22
		Old (above 22 years)	919	5
		Total planted area	<u>18,431</u>	<u>100</u>

Total estate land area	:	<u>Estate land area</u>	<u>Ha</u>	<u>%</u>
		Oil palm planted area	18,431	92
		Nursery	43	-*
		Building, sites and roads	933	5
		Others^	553	3
		Total estate land area	<u>19,960</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM373,805,352

There are 14 titles (measuring in aggregate 2,366.39 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group has submitted or will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted. The estimated cost for the same is RM7,266,748.94.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(7) Perak

Registered and/or beneficial owners : Consolidated Plantations Berhad, Dusun Durian Plantations Limited, Sime Darby Plantation (Peninsular) Sdn Bhd, SD Plantation, The Straits Plantations Limited, Kinta Kellas Rubber Estates Plc, Constant Skyline Sdn Bhd⁽¹⁾, Golden Hope Plantations Berhad⁽¹⁾, Golden Hope Properties (Perak) Sdn Bhd⁽²⁾, The Pataling Rubber Estates Limited and Trolak Estate Limited

Notes:

- (1) *Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the land to our Group.*
- (2) *This company has been liquidated. Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the land to our Group.*

In relation to the notes above, until the titles are registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferors of the titles and will not have benefit of full legal ownership provided under the law for registered ownership.

Existing use : Cultivated with oil palm and rubber, including buildings, roads, facilities and other amenities

Locality : Mukim Slim, Mukim Bagan Serai, Mukim Sungai Terap, Mukim Hutan Melintang, Mukim Pengkalan Baharu, Mukim Sungai Siput, Mukim Durian Sebatang, Mukim Kuala Kurau, Mukim Lumut, Mukim Hulu Bernam Timor, Mukim Hulu Ijok, Mukim Bagan Datoh, Mukim Selama, Mukim Sitiawan, Pekan Changkat Keruing, Mukim Parit Buntar, Mukim Sungai Durian, Mukim Sungkai, Mukim Bidor, Mukim Selinsing, Mukim Teluk Baru, Mukim Kota Lama Kanan, Mukim Beriah, Mukim Pulau Kamiri and Mukim Teja

Total land area : 42,661 Ha

No. of estates : 16

No. of land titles : 574 (including lands located in Pulau Pinang which are located at the border of Perak and Pulau Pinang)

Encumbrances on property : There are 12 leases to Tenaga Nasional Berhad, each of which is for a tenure of 30 years commencing from 15 April 1989 (for 2 leases), 15 October 1990 (for 9 leases) and 15 April 1991 (for 1 lease) respectively, for electricity substations

Category of land use : Agriculture, building and company/industry

Tenure : 528 titles of freehold land and 46 titles of leasehold land. All leasehold titles are for periods between 60 to 999 years, expiring between 2035 to 2897

Restrictions-in-interest : (i) 1 land title cannot be transferred or leased unless with the consent from the Menteri Besar Perak; and
(ii) 1 land title cannot be transferred or leased unless with the consent from the state authority.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Other endorsement : (i) There are rights of way for electrical cables or lines in respect of 29 titles;
(ii) There are land acquisition proposals in respect of 7 titles;
(iii) 7 titles are subject to applications for change of conditions; and
(iv) There are land administrator's and/or public rights of way in respect of 1 title.

Average age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	7,415	19
		Young (4 to 8 years)	8,352	22
		Prime (9 to 18 years)	16,134	42
		Old mature (19 years to 22 years)	5,498	14
		Old (above 22 years)	1,217	3
		Total planted area	<u>38,616</u>	<u>100</u>

Average age profile of the rubber	:	Age profile	Ha	%
		Immature (0 to 6 years)	607	100
		Young (7 to 12 years)	-	-
		Prime (13 to 18 years)	-	-
		Old (19 years to 25 years)	-	-
		Total planted area	<u>607</u>	<u>100</u>

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	38,616	91
		Rubber planted area	607	1
		Nursery	70	-*
		Building, sites and roads	2,449	6
		Others^	919	2
		Total estate land area	<u>42,661</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM1,004,200,313

There are 137 titles (measuring in aggregate 18,358.05 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group has submitted or will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted. The estimated cost for the same is RM5,507,629.86.

There are 2 titles (measuring in aggregate 88.88 Ha) where the actual usage of the land is in breach of the category of land use stated in the same. Our Company will be submitting applications to the relevant land authorities to alter the category of land use to match the current actual usage.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(8) Sabah

Registered and/or beneficial owners : SD Plantation (Sabah), Consolidated Plantations Berhad, Sime Darby Plantation (Peninsular) Sdn Bhd, SD Plantation, Tohunsug Plantations Sdn Bhd⁽¹⁾, The Sapong Rubber Estates Ltd⁽¹⁾, Syarikat Jeleta Bumi Sdn Bhd⁽²⁾, Harrison's Malaysian Plantations Berhad⁽²⁾ and Golden Hope Plantations Berhad⁽²⁾

Notes:

- (1) *These companies have been liquidated. Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the lands to our Group.*
- (2) *Our Company will be taking the necessary actions with the relevant authorities to procure the transfer of the lands to our Group.*

In relation to notes (1) and (2) until the titles are registered in the name of our Group, our Group will only have beneficial ownership. In such event, our Group can claim ownership only against the transferors of the titles and will not have benefit of full legal ownership provided under the law for registered ownership.

Existing use : Cultivated with oil palm and includes buildings, roads, facilities and other amenities

Locality : Kalumpang, Mostyn, Tingkayu, Tawau, Jalan Utara, Mt Bombalai, Merotai Besar, Madai, Kunak, Lahad Datu, Mostyn Estate, Ulu Kalumpang, Melalap Estate, Melalap North, Tenom, Sapong, Bode, Segaliud-Lokan, Dumudong, Sekong Bay and Dumudong

Total land area : 53,777 Ha

No. of estates : 17

No. of land titles : 121**

Note:

** *Includes 1 title of which application for land has been made and 1 draft title*

Encumbrances on property : None

Category of land use : Agriculture

Tenure : 121 titles of leasehold land. Save for 1 title of which application for land has been made and 1 draft title, all leasehold titles are for periods between 99 to 999 years, expiring between 2019 to 2940

Restrictions-in-interest : (i) The transfers and subleasing of 51 titles are prohibited until such time as the said lands have been fully developed in accordance with the terms and conditions stipulated in the said titles; and
(ii) Subdivisions of 5 titles are prohibited.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Other endorsement : (i) 48 titles are subject to the Sabah Government's right to excise from the land, reserves for the purposes of roads;
(ii) 16 titles are subject to the Sabah Government's right to resume possession if necessary for public purposes; and
(iii) 24 titles are currently only provisional leasehold titles.

Average age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	10,044	21
		Young (4 to 8 years)	8,409	18
		Prime (9 to 18 years)	12,357	27
		Old mature (19 years to 22 years)	8,270	18
		Old (above 22 years)	7,295	16
		Total planted area	<u>46,375</u>	<u>100</u>

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	46,375	86
		Nursery	100	-*
		Building, sites and roads	2,492	5
		Others^	4,810	9
		Total estate land area	<u>53,777</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM1,227,828,351

There are 8 titles (measuring in aggregate 154.23 Ha) with express conditions which have been planted with crops in breach of such express conditions. Our Group will be submitting applications to the relevant land authorities to vary the express conditions to match the crop planted. The estimated cost for the same is RM800.

(9) Sarawak

Registered and/or beneficial owners : Derawan Sdn Bhd, Saha Enterprise Sdn Bhd, SD Austral Holdings, SD Plantation (Sarawak) and Wangsa Mujur

Existing use : Cultivated with oil palm, including buildings, roads, facilities and other amenities

Locality : Sg. Spod & Sg. Lavang, Bintulu-Miri Road, Bintulu-Miri Coastal Road, Sungai Dulang, Miri-Bintulu Divisional Boundary, Sg. Bloi, Sg. Latap & Sg. Lavang, Similajau, Jalan Bintulu-Miri, Batang Suai, KM112, Miri/Bintulu Road

Total land area : 47,280 Ha

No. of estates : 18

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No. of land titles : 105**

Note:

** Includes 1 title which is pending issuance by the State Government, 1 title which is pending subdivision and issuance of new title by the State Government and 1 title which is in the process of cancellation of title.

Encumbrances on property : None

Category of land use : Agriculture

Tenure : 105 titles of leasehold land. Save for the 2 titles which are pending issuance by the State Government, all leasehold titles are for periods between 60 to 99 years, expiring between 2045 to 2082

Restrictions-in-interest : (i) 11 titles cannot be transferred unless with the consent of the director of lands and surveys; and
(ii) Save for charging the lands, 79 titles cannot be dealt with unless the consent of the minister for lands has been obtained.

Other endorsement : 7 titles are currently only provisional leasehold titles.

Average age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	9,440	24
	Young (4 to 8 years)	4,972	13
	Prime (9 to 18 years)	3,358	9
	Old mature (19 years to 22 years)	14,720	38
	Old (above 22 years)	6,404	16
	Total planted area	<u>38,894</u>	<u>100</u>

Total estate land area	Estate land area	Ha	%
	Oil palm planted area	38,894	82
	Nursery	75	-*
	Building, sites and roads	1,856	4
	Others^	6,455	14
	Total estate land area	<u>47,280</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM606,223,909

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**Indonesia**

All material estates in Indonesia are owned by our Group.

(1) Kalimantan Selatan (Pamukan)

Registered and/or beneficial owners	:	PT LMI, PT LMR, PT PSA and PT SAA
Existing use	:	Cultivated with oil palm and includes buildings, roads and other amenities
Locality	:	Kotabaru Regency and Paser Regency
Total land area	:	59,269 Ha
No. of estates	:	15
No. of land titles	:	21**

Note:

** Includes 3 titles which are in the process of obtaining Hak Guna Usaha

Encumbrances on property	:	None																					
Category of land use	:	Agriculture																					
Tenure	:	19 titles of Hak Guna Usaha land and 2 titles of Hak Guna Bangunan land. All land titles are for periods between 30 to 35 years, expiring between 2032 to 2039																					
Restrictions-in-interest	:	Any change and use of the land and any form of legal action intended to transfer the Hak Guna Usaha over such plantation land, either in part or as a whole, requires prior approval from the Minister of Agrarian/Head of National Land Agency c/o Deputy of Division of Rights over Land																					
Other endorsement	:	None																					
Average age profile of the oil palm	:	<table> <thead> <tr> <th>Age profile</th> <th>Ha</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Immature (0 to 3 years)</td> <td>9,874</td> <td>20</td> </tr> <tr> <td>Young (4 to 8 years)</td> <td>1,043</td> <td>2</td> </tr> <tr> <td>Prime (9 to 18 years)</td> <td>7,425</td> <td>15</td> </tr> <tr> <td>Old mature (19 years to 22 years)</td> <td>29,550</td> <td>60</td> </tr> <tr> <td>Old (above 22 years)</td> <td>1,497</td> <td>3</td> </tr> <tr> <td>Total planted area</td> <td><u>49,389</u></td> <td><u>100</u></td> </tr> </tbody> </table>	Age profile	Ha	%	Immature (0 to 3 years)	9,874	20	Young (4 to 8 years)	1,043	2	Prime (9 to 18 years)	7,425	15	Old mature (19 years to 22 years)	29,550	60	Old (above 22 years)	1,497	3	Total planted area	<u>49,389</u>	<u>100</u>
Age profile	Ha	%																					
Immature (0 to 3 years)	9,874	20																					
Young (4 to 8 years)	1,043	2																					
Prime (9 to 18 years)	7,425	15																					
Old mature (19 years to 22 years)	29,550	60																					
Old (above 22 years)	1,497	3																					
Total planted area	<u>49,389</u>	<u>100</u>																					

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	49,389	83
		Nursery	89	-*
		Building, sites and roads	2,900	5
		Others^	6,891	12
		Total estate land area	<u>59,269</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM677,751,739

(2) Kalimantan Selatan (Sebanban)

Registered and/or beneficial owner	:	PT BSS
Existing use	:	Cultivated with oil palm and includes buildings, roads and other amenities
Locality	:	Kotabaru Regency
Total land area	:	13,497 Ha
No. of estates	:	4
No. of land titles	:	8**

Note:

** Includes 2 titles which are in the process of obtaining Hak Guna Usaha

Encumbrances on property	:	None
Category of land use	:	Agriculture
Tenure	:	6 titles of Hak Guna Usaha land, 1 title of Hak Guna Bangunan land and 1 title of Hak Pakai land. All leasehold titles are for periods between 25 to 35 years, expiring between 2022 to 2039
Restrictions-in-interest	:	Any change and use of the land and any form of legal action intended to transfer the Hak Guna Usaha over such plantation land, either in part or as a whole, requires prior approval from the Minister of Agrarian/Head of National Land Agency c/o Deputy of Division of Rights over Land
Other endorsement	:	None

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Average age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	4,513	36
	Young (4 to 8 years)	1,479	12
	Prime (9 to 18 years)	1,884	15
	Old mature (19 years to 22 years)	3,413	28
	Old (above 22 years)	1,100	9
	Total planted area	<u>12,389</u>	<u>100</u>
Total estate land area	: Estate land area	Ha	%
	Oil palm planted area	12,389	92
	Nursery	24	-*
	Building, sites and roads	605	4
	Others^	479	4
	Total estate land area	<u>13,497</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM192,177,239

(3) Kalimantan Tengah

Registered and/or beneficial owner	: PT TSA
Existing use	: Cultivated with oil palm and includes buildings, roads and other amenities
Locality	: Kotawaringin Timur Regency and Seruyan Regency
Total land area	: 16,602 Ha
No. of estates	: 4
No. of land titles	: 1
Encumbrances on property	: None
Category of land use	: Agriculture
Tenure	: 1 title of Hak Guna Usaha land. The Hak Guna Usaha title is a period of 35 years, expiring in 2034
Restrictions-in-interest	: Any change and use of the land and any form of legal action intended to transfer the Hak Guna Usaha over such plantation land, either in part or as a whole, requires prior approval from the Minister of Agrarian/Head of National Land Agency c/o Deputy of Division of Rights over Land
Other endorsement	: None

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Average age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	1,709	12
	Young (4 to 8 years)	1,643	12
	Prime (9 to 18 years)	6,784	48
	Old mature (19 years to 22 years)	3,910	28
	Old (above 22 years)	-	-
	Total planted area	<u>14,046</u>	<u>100</u>
Total estate land area	: Estate land area	Ha	%
	Oil palm planted area	14,046	85
	Nursery	15	-*
	Building, sites and roads	824	5
	Others^	1,717	10
	Total estate land area	<u>16,602</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM139,706,648

(4) Riau Selatan and Sumatera Selatan

Registered and/or beneficial owners	: PT BNS and PT GPI
Existing use	: Cultivated with oil palm and includes buildings, roads and other amenities
Locality	: Indragiri Hilir Regency and Musi Banyuasin Regency
Total land area	: 40,053 Ha
No. of estates	: 11
No. of land titles	: 10**

Note:

** Includes 5 titles which are in the process of obtaining Hak Guna Usaha

Encumbrances on property	: None
Category of land use	: Agriculture
Tenure	: 8 titles of Hak Guna Usaha land and 2 titles of Hak Guna Bangunan land. All titles are for periods between 20 to 35 years, expiring between 2030 to 2033

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Restrictions-in-interest : Any change and use of the land and any form of legal action intended to transfer the Hak Guna Usaha over such plantation land, either in part or as a whole, requires prior approval from the Minister of Agrarian/Head of National Land Agency c/o Deputy of Division of Rights over Land

Other endorsement : None

Average age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	6,982	23
	Young (4 to 8 years)	2,637	9
	Prime (9 to 18 years)	10,189	34
	Old mature (19 years to 22 years)	10,169	34
	Old (above 22 years)	182	-*
	Total planted area	<u>30,159</u>	<u>100</u>

Total estate land area	Estate land area	Ha	%
	Oil palm planted area	30,159	75
	Nursery	68	-*
	Building, sites and roads	1,866	5
	Others^	7,960	20
	Total estate land area	<u>40,053</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM470,987,071

(5) Riau Utara

Registered and/or beneficial owners : PT AIP and PT TMP

Existing use : Oil palm plantations (including buildings, roads and other amenities)

Locality : Siak Regency, Pekanbaru City and Rokan Hilir Regency

Total land area : 25,391 Ha

No. of estates : 6

No. of land titles : 3**

Note:

** Includes 1 title which is in the process of obtaining Hak Guna Usaha

Encumbrances on property : None

Category of land use : Agriculture

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Tenure	:	3 titles of Hak Guna Usaha land. All Hak Guna Usaha titles are for 35 years, expiring in 2034		
Restrictions-in-interest	:	Any change and use of the land and any form of legal action intended to transfer the Hak Guna Usaha over such plantation land, either in part or as a whole, requires prior approval from the Minister of Agrarian/Head of National Land Agency c/o Deputy of Division of Rights over Land		
Other endorsement	:	None		
Average age profile of the oil palm	:	<u>Age profile</u>	<u>Ha</u>	<u>%</u>
		Immature (0 to 3 years)	6,116	30
		Young (4 to 8 years)	3,320	16
		Prime (9 to 18 years)	2,675	13
		Old mature (19 years to 22 years)	5,042	25
		Old (above 22 years)	3,301	16
		Total planted area	<u>20,454</u>	<u>100</u>
Total estate land area	:	<u>Estate land area</u>	<u>Ha</u>	<u>%</u>
		Oil palm planted area	20,454	81
		Nursery	52	-*
		Building, sites and roads	959	4
		Others^	3,926	15
		Total estate land area	<u>25,391</u>	<u>100</u>
		Notes:		
		^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.		
		* Negligible.		
Audited NBV as at 30 June 2017	:	RM375,310,429		

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ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**PNG and the Solomon Islands**

Save for 5 titles (which are fixed term estates) located in Guadalcanal which are owned by GPPOL, all material estates in PNG and the Solomon Islands are leased by our Group.

(1) West New Britain

Registered and/or beneficial owner	:	NBPOL		
Existing use	:	Cultivated with oil palm and includes grazing pastures, buildings, road facilities and other amenities		
Locality	:	The towns of Kimbe, Talasea and Roualt		
Total land area	:	53,551 Ha		
No. of estates	:	21		
No. of land titles	:	125 (including sub-leases)		
Encumbrances on property	:	All State Leases are mortgaged to ANZ Fiduciary Services Pty Ltd but NBPOL is entitled to have these mortgages discharged		
Category of land use	:	Agriculture, business or residential		
Tenure	:	125 titles of leasehold land. All leasehold titles are for periods between 22 to 99 years, expiring between 2029 and 2104		
Restrictions-in-interest	:	Cannot be transferred or otherwise dealt with without consent from the Minister and in the case of sub-leases, the sub-lessor and the Minister		
Other endorsement	:	State leases contain covenants for payment of land rent and minimum improvement or cultivation covenants. Sub-leases contain covenants for payment of rent and royalties		
Average age profile of the oil palm	:	<u>Age profile</u>	<u>Ha</u>	<u>%</u>
		Immature (0 to 3 years)	2,938	8
		Young (4 to 8 years)	5,197	13
		Prime (9 to 18 years)	21,494	55
		Old mature (19 years to 22 years)	6,424	16
		Old (above 22 years)	3,090	8
		Total planted area	<u>39,143</u>	<u>100</u>

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	39,143	73
		Pasture Land	394	1
		Nursery	60	-*
		Building, sites and roads	2,038	4
		Others^	11,916	22
		Total estate land area	<u>53,551</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM1,915,747,938

(2) Ramu

Registered and/or beneficial owner	:	Ramu Agri
Existing use	:	Cultivated with oil palm and/or sugar cane and includes grazing pasture, buildings, road facilities and other amenities
Locality	:	The towns of Madang and Markham
Total land area	:	35,003 Ha
No. of estates	:	8
No. of land titles	:	9 (including sub-leases)
Encumbrances on property	:	None
Category of land use	:	Agriculture
Tenure	:	9 titles of leasehold land. All leasehold titles are for periods between 37 to 99 years, expiring between 2050 and 2107, except for 1 comprising 16,498 Ha which has expired and for which an application for renewal has been submitted to the PNG Department of Lands and Physical Planning
Restrictions-in-interest	:	Cannot be transferred or otherwise dealt with without consent from the Minister and in the case of sub-leases, the sub-lessor and the Minister
Other endorsement	:	State leases contain covenants for payment of land rent and minimum improvement or cultivation covenants. Sub-leases contain covenants for payment of rent and royalties

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Average age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	1,875	13
	Young (4 to 8 years)	4,667	34
	Prime (9 to 18 years)	7,317	53
	Old mature (19 years to 22 years)	-	-
	Old (above 22 years)	-	-
	Total planted area	<u>13,859</u>	<u>100</u>
Total estate land area	: Estate land area	Ha	%
	Oil palm planted area	13,859	40
	Sugar cane planted area	5,613	16
	Pasture land	8,562	24
	Nursery	26	-*
	Building, sites and roads	1,733	5
	Others^	5,210	15
	Total estate land area	<u>35,003</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM971,202,582

(3) Higaturu

Registered and/or beneficial owner	: Kula Palm Oil Limited
Existing use	: Cultivated with oil palm and includes buildings, road facilities and other amenities
Locality	: The towns of Sangara and Kokoda
Total land area	: 14,822 Ha (of which 2,545 Ha are the subject of development agreements and may not be enforceable)
No. of estates	: 6
No. of land titles	: 36 (including sub-leases)
Encumbrances on property	: None
Category of land use	: Agriculture
Tenure	: 36 titles of leasehold land. All leasehold titles are for periods between 20 to 99 years, expiring between 2017 and 2111

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Restrictions-in-interest : Cannot be transferred or otherwise dealt with without consent from the Minister and in the case of sub-leases, the sub-lessor and the Minister

Other endorsement : State leases contain covenants for payment of land rent and minimum improvement or cultivation covenants. Sub-leases contain covenants for payment of rent and royalties

Average age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	944	9
		Young (4 to 8 years)	3,786	36
		Prime (9 to 18 years)	3,909	37
		Old mature (19 years to 22 years)	1,543	15
		Old (above 22 years)	328	3
		Total planted area	<u>10,510</u>	<u>100</u>

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	10,510	71
		Nursery	24	-*
		Building, sites and roads	650	4
		Others^	3,638	25
		Total estate land area	<u>14,822</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM635,633,350

(4) Milne Bay

Registered and/or beneficial owner : Kula Palm Oil Limited

Existing use : Cultivated with oil palm and includes buildings, road facilities and other amenities.

Locality : The towns of Alotau, Abau and Samarai

Total land area : 20,300 Ha (of which 1,317 Ha are under negotiation between Kula Palm Oil Limited, customary landowners and the PNG Department of Lands and Physical Planning for the issue of sub-leases and may not be enforceable unless and until agreement is reached and sub-leases are issued)

No. of estates : 7

No. of land titles : 59 (including sub-leases)

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Encumbrances on property	:	2 titles mortgaged to ANZ Banking Group (PNG) Limited and Westpac Banking Group (PNG Ltd) but Kula Palm Oil Limited is entitled to have these mortgages discharged		
Category of land use	:	Agriculture		
Tenure	:	59 titles of leasehold land. All leasehold titles are for periods between 20 to 99 years, expiring between 2019 and 2107, except for 1 comprising 191 Ha which has expired and for which an application for renewal has been submitted to the PNG Department of Lands and Physical Planning. In addition, 1,306 Ha are under negotiation between Kula Palm Oil Limited, customary landowners and the PNG Department of Lands and Physical Planning for the issue of sub-leases, and these may not be enforceable unless and until agreement is reached and sub-leases are issued		
Restrictions-in-interest	:	Cannot be transferred or otherwise dealt with without consent from the Minister and in the case of sub-leases, the sub-lessor and the Minister		
Other endorsement	:	State leases contain covenants for payment of land rent and minimum improvement or cultivation covenants. Sub-leases contain covenants for payment of rent and royalties		
Average age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	1,283	12
		Young (4 to 8 years)	3,424	32
		Prime (9 to 18 years)	4,858	45
		Old mature (19 years to 22 years)	1,181	11
		Old (above 22 years)	-	-
		Total planted area	10,746	100
Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	10,746	53
		Nursery	37	-*
		Building, sites and roads	640	3
		Others^	8,877	44
		Total estate land area	20,300	100
		Notes:		
		^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.		
		* Negligible.		
Audited NBV as at 30 June 2017	:	RM388,362,742		

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(5) Guadalcanal

Registered and/or beneficial owner	:	GPPOL		
Existing use	:	Cultivated with oil palm and includes buildings, road facilities and other amenities		
Locality	:	Honiara, Ngalimbiu, Okea, Tetere and Mbalasuna		
Total land area	:	8,315 Ha (of which 2,076 Ha are in the process of being registered)		
No. of estates	:	3		
No. of land titles	:	66 (of which 14 are in the process of being registered)		
Encumbrances on property	:	None		
Category of land use	:	Agriculture		
Tenure	:	66 titles of leasehold land (of which 14 are in the process of being registered). All leasehold titles are for period of 50 years, expiring between 2043 and 2065.		
Restrictions-in-interest	:	None		
Other endorsement	:	None		
Average age profile of the oil palm	:		Ha	%
		Age profile		
		Immature (0 to 3 years)	1,255	19
		Young (4 to 8 years)	1,723	25
		Prime (9 to 18 years)	2,604	38
		Old mature (19 years to 22 years)	258	4
		Old (above 22 years)	925	14
		Total planted area	6,765	100
Total estate land area	:		Ha	%
		Estate land area		
		Oil palm planted area	6,765	81
		Nursery	14	-*
		Building, sites and roads	398	5
		Others^	1,138	14
		Total estate land area	8,315	100
Notes:				
^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.				
* Negligible.				
Audited NBV as at 30 June 2017	:	RM289,308,532		

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**Liberia**

All material estates in Liberia are leased by our Group.

Registered and/or beneficial owner	:	SD Plantation (Liberia)		
Existing use	:	Cultivated with oil palm and rubber, and includes buildings, road facilities and other amenities		
Locality	:	Based on the concession agreement, 220,000 hectares of land will be selected from 311,187 hectares of land in the counties of Gbarpolu, Bumi, Cape Mount and Bong. The 13,037 Ha of 220,000 Ha which has been developed are located in counties of Bomi and Cape Mount, in the districts of Senjeh, Klay and Garwula		
Total land area	:	220,000 Ha concession of which 13,037 Ha has been developed		
No. of estates	:	5		
No. of land titles	:	Concession agreement		
Encumbrances on property	:	Based on the concession agreement, the land is free from encumbrances for entire 220,000 Ha. However, actual facts on the ground reveal that the concession land are not totally free from encumbrances. The 13,037 Ha of land which has been developed contains no encumbrances		
Category of land use	:	Agriculture		
Tenure	:	Concession agreement for 220,000 Ha of land. The lease of the land is granted for a period of 63 years, from 2009 to 2072.		
Restrictions-in-interest	:	(i) Undeveloped areas are not free from encumbrances; and (ii) Prior written consent from the Government of Liberia must be obtained before any change of control or company.		
Other endorsement	:	Nil		
Average age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	1,045	10
		Young (4 to 8 years)	9,356	90
		Prime (9 to 18 years)	-	-
		Old mature (19 years to 22 years)	-	-
		Old (above 22 years)	-	-
		Total planted area	10,401	100

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Total estate land area	:	Estate land area	Ha	%
		Oil palm planted area	10,401	80
		Rubber planted area	107	1
		Nursery	59	-*
		Building, sites and roads	556	4
		Others^	1,914	15
		Total estate land area	<u>13,037</u>	<u>100</u>

Notes:

^ Includes, among others, plantable reserves, non-plantable reserves and field transfer among group estates.

* Negligible.

Audited NBV as at 30 June 2017 : RM316,905,352

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ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**A.1.2 Palm oil mills owned by our Group****Malaysia**

<u>No.</u>	<u>State</u>	<u>Mukim</u>	<u>Total no. of mills</u>	<u>Built up area</u>	<u>Land area</u>
1.	Johor	Jalan Bakri, Rengam, Chaah, Paloh, Sedenak, Layang-Layang	7	Ranging from 0.6 to 13.0 Ha Total built up of these mills is 51.9 Ha	Ranging from 5.2 to 30.9 Ha Total land area for the lands is 113.7 Ha
2.	Kedah	Sidam	1	5.0 Ha	21.7 Ha
3.	Melaka	Jasin	2	Ranging from 0.6 to 1.8 Ha Total built up of these mills is 2.4 Ha	Ranging from 5.4 to 21.6 Ha Total land area for the lands is 27.0 Ha
4.	Negeri Sembilan	Pekan Bahau, Jimah, Seremban, Linggi	4	Ranging from 7.0 to 11.0 Ha Total built up of these mills is 35.5 Ha	Ranging from 15.0 to 18.3 Ha Total land area for the lands is 68.8 Ha
5.	Selangor	Jeram, Batang Berjantai, Jugra	4	Ranging from 0.9 to 23.9 Ha Total built up of these mills is 54.2 Ha	Ranging from 8 to 175.3 Ha Total land area for the lands is 280.8 Ha
6.	Pahang	Sungai Koyan, Kerdau, Ulu Jabor	3	Ranging from 1 to 7 Ha Total built up of these mills is 9.5 Ha	Ranging from 2.1 to 41.3 Ha Total land area for the lands is 53.4 Ha
7.	Perak	Kuala Kurau, Sungai Siput, Teluk Intan	5	Ranging from 0.4 to 17.9 Ha Total built up of these mills is 51.6 Ha	Ranging from 0.4 to 93.1 Ha Total land area for the lands is 175.9 Ha
8.	Sabah	Melalap, Kunak, Tawau, Sandakan	5	Ranging from 0.4 to 11.8 Ha Total built up of these mills is 23.8 Ha	Ranging from 6.6 to 41.0 Ha Total land area for the lands is 116.7 Ha
9.	Sarawak	Bintulu	4	Ranging from 5.2 to 15.0 Ha Total built up of these mills is 32.6 Ha	Ranging from 10.2 to 24.3 Ha Total land area for the lands is 67.7 Ha

Save for 1 palm oil mill in Sarawak, all the material palm oil mills set out above are being used by our Group as at the LPD. The total productive capacity of all of these mills is 10,188,000 MT per year.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**Indonesia**

No.	Province	Regency	Total no. of mills	Built up area	Land area
1.	Kalimantan Barat	Sanggau, Ketapang	3	Ranging from 0.50 to 0.80 Ha Total built up of these mills is 1.90 Ha	Ranging from 14.29 to 29.97 Ha Total land area for the lands is 72.26 Ha
2.	Kalimantan Selatan	Kotabaru, Tanah Bumbu	8	Ranging from 0.89 to 10.00 Ha Total built up of these mills is 30.72 Ha	Ranging from 8.00 to 39.47 Ha Total land area for the lands is 215.51 Ha
3.	Kalimantan Tengah	Seruyan, Kotawaringin Barat	3	Ranging from 0.63 to 1.30 Ha Total built up of these mills is 3.13 Ha	Ranging from 8.28 to 61 Ha Total land area for the lands is 85.28 Ha
4.	Riau	Indragiri Hilir, Rokan Hilir, Siak	5	Ranging from 0.50 to 9.00 Ha Total built up of these mills is 18.35 Ha	Ranging from 8.81 to 20.90 Ha Total land area for the lands is 71.30 Ha
5.	Sulawesi Tengah	Morowali	1	4.00 Ha	19.00 Ha
6.	Sumatera Selatan	Musi Banyuasin, Musi Rawas	2	Ranging from 1.54 to 8.37 Ha Total built up of these mills is 9.91 Ha	Ranging from 12.88 to 14.78 Ha Total land area for the lands is 27.66 Ha
7.	Jambi	Muaro Jambi	1	0.63 Ha	21.60 Ha
8.	Aceh	Aceh Timur	1	Ranging 7.15 Ha	Ranging 59.20 Ha

Save for 1 palm oil mill in South Kalimantan, all the material palm oil mills set out above are being used by our Group as at the LPD. The total productive capacity of all of these mills is 6,660,000 MT per year.

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ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**PNG and the Solomon Islands**

<u>No.</u>	<u>Region</u>	<u>Town</u>	<u>Total no. of mills</u>	<u>Built up area</u>	<u>Land area</u>
1.	West New Britain	Kimbe	5	Ranging from 3.4 to 6.2 Ha Total built up of these mills is 22.2 Ha	Ranging from 3.9 to 7.4 Ha Total land area for the lands is 27.3 Ha
2.	Ramu	Gusap	1	1.4 Ha	5.5 Ha
3.	Higaturu	Popondetta, Mamba	3	Ranging from 3.8 to 7.3 Ha Total built up of these mills is 14.9 Ha	Ranging from 8.0 to 31.6 Ha Total land area for the lands is 45.4 Ha
4.	Milne Bay	Hagita	1	6.4 Ha	11.8 Ha
5.	Guadalcanal	Tetere	1	2.2 Ha	10.0 Ha
6.	Poliamba	Lakuramau	1	0.5 Ha	4.2 Ha

Save for 1 palm oil mill in Higaturu, all the material palm oil mills set out above are being used by our Group as at the LPD. The total productive capacity of all of these mills is 4,080,000 MT per year.

Liberia

As at the LPD we only have 1 mill in Liberia, in the district of Garwula in Grand Cape Mount County, with land area and built up area of 35.29 Ha and 0.8 Ha respectively. This mill is being used with a total production capacity of 180,000 MT per year.

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ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**A.1.3 Refineries owned by our Group**

No.	Country	Total no. of refineries	Built up area	Land area
1.	Malaysia	4	Ranging from 4.1 to 10.7 Ha Total built up of these refineries is 29.8 Ha	Ranging from 4.1 to 10.7 Ha Total land area for the lands is 29.8 Ha
2.	Vietnam	1	0.97 Ha	2.63 Ha
3.	Thailand	2	Ranging from 1.8 to 3.1 Ha Total built up of these refineries is 4.9 Ha	Ranging from 11.9 to 13.5 Ha Total land area for the lands is 25.3 Ha
4.	Indonesia	1	11.20 Ha	31.9 Ha
5.	Europe	2	Ranging from 0.93 to 4.03 Ha Total built up of these refineries is 4.96 Ha	Ranging from 15.27 to 32.50 Ha Total land area for the lands is 47.8 Ha
6.	South Africa	1	1.40 Ha	42 Ha
7.	PNG	1	0.91 Ha	2.90 Ha

All of the material refineries set out above are being used by our Group as at the LPD. The total productive capacity of all of these refineries is 3,973,000 MT per year.

A.1.4 KCPs owned by our Group

No.	Country	Total no. of KCPs	Built up area	Land area
1.	Malaysia	2	Ranging from 0.8 to 5.0 Ha Total built up of these KCPs is 5.8 Ha	Ranging from 2.4 to 6.1 Ha Total land area for the lands is 8.5 Ha
2.	Indonesia	2	Ranging from 0.2 to 4.4 Ha Total built up of these KCPs is 4.6 Ha	Ranging from 0.5 to 11.1 Ha Total land area for the lands is 11.6 Ha
3.	PNG and the Solomon Islands	6	The KCPs are part and parcel of the palm oil mill (under the same roof) as such the built up and land area is part and parcel of the palm oil mills	

All of the material KCPs set out above are being used by our Group as at the LPD. The total productive capacity of all of these KCPs is 569,640 MT per year.

ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

A.1.5 Material offices owned by our Group
Malaysia
Head Office

Registered beneficial owner	and/or	:	SD Plantation
Postal address	:	The head office of our Group is located at the Main Block of Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor, bearing postal address at Level 10, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor	
Land title details	:	H.S.(D): 111074	
Tenure	:	Freehold	
Description of property/existing use	of	:	12-storey office building, currently used as the head office and office space by our Group
Date of issuance of certificate of completion and compliance	:	9 September 2011	
Total land area	:	17,866 sq m	
Total built-up area	:	73,724 sq m	
Encumbrances on property	:	None	
Category of land use	:	Building	
Restriction in interest	:	None	
Other endorsement	:	None	
Audited NBV as at 30 June 2017	:	RM242,021,036	

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ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**A.2 MATERIAL EQUIPMENT**

As at the LPD, the material plant and equipment used by our business operations are as follows:

<u>Equipment and machinery</u>	<u>Description of use</u>	Audited NBV as at 30 June 2017
		RM '000
Estate equipment	To facilitate cultivation of oil palm which is used in the upkeep, harvesting and manuring	151,986
POME	To process FFB into CPO and PK	760,307
KCP equipment	To extract oil from the PK	98,277
Refinery equipment	To refine CPO	503,823
Biodiesel plant equipment	To process palm oil into biofuel	52,012
Total		1,566,405

No valuations have been conducted on any of the properties disclosed above.

Save for some of the land titles of our Malaysian estates as disclosed above, none of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

If a condition to which a land is subject to is not complied with, the Malaysian National Land Code provides for consequences which include, among others:

- (i) the land may become liable to forfeiture to state authority;
- (ii) a notice may be served requiring the proprietor to show cause why a fine should not be imposed. If the proprietor fails to show cause to the satisfaction of the Land Administrator, the Land Administrator may make an order for the payment of a fine of not less than RM500, and in the case of a continuing breach, a further fine of not less than RM100 for each day during which the breach continues; or
- (iii) a notice may be served specifying action required for remedying the breach, and calling upon the proprietor to take such action within a specified time.

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS

We have obtained all major licences, permits and approvals necessary for our business and are in compliance with, and expect to continue to comply with their terms and conditions.

Details of our major licences, permits and approvals for our operations as at the LPD together with the main conditions attached and status of compliance are as follows:

B1. Malaysia

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
MPOB LICENCES						
1.	MPOB	(i) SD Plantation (Sabah) and the following: (1) Binuang Estate (2) Giram Estate (3) Imam, Table, Tiger, Merotai Estates (4) Jeleta Bumi Estate (5) Merotai Estate (6) Mostyn Estate (7) Segaliud Estate (8) Sentosa Estate (9) Sungang Estate (10) Table Estate (11) Tigowis Estate (12) Tingkayu Estate (13) Tun Tan Siew Sin Estate (14) Tunku Estate (15) Binuang Palm Oil Mill (16) Giram Palm Oil Mill (17) Melalap Palm Oil Mill (18) Merotai Oil Mill	Licences issued to permit, among others: (i) the sale and transport of FFB, SLGBIJI, PK, CPO, SPO, PKC, SLGTISU, CPKO, PPKO, PPO and/or PFA; (ii) the purchase and transport of CPO, FFB, PK, CPKO, PPKO, PPO, SPO and/or PFA; (iii) the production of SLGBIJI and/or SLGTISU; (iv) the storage of SLGBIJI, PK, CPO, SPO, CPKO, PKC, SLGTISU, SDS, PFA, PPKO and/or PPO; (v) the manufacturing of FFB;	Subsisting	(i) This licence shall not be assigned to another person. (ii) Any renewal of this licence shall be made within a period of not less than 1 month but not earlier than 3 months prior to its expiration. (iii) This licence may be suspended, cancelled or refused renewal subject to Regulation 15 of the MPOB (Licensing) Regulations 2005.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(ii)	SD	Plantation and the following:	(vi) the export of CPKO, CPO, PPKO, PPO, SPO, PFA and/or PKC; and/or			
(1)		Sandakan Bay Palm Oil Mill	(vii) the import of CPKO, CPO, PFA and/or PK.			
(2)		Ruai Estate				
(3)		Rajawali Palm Oil Mill				
(4)		Jomalina Refinery				
(5)		Kernel Crushing Plant				
(6)		Nuri Refinery				
(7)		Dusun Durian Estate				
(8)		East Estate				
(9)		Sepang Estate				
(10)		Sungai Rawang Estate				
(11)		West Estate				
(12)		Tennamaram Estate (Raja Muda Division)				
(13)		Sungai Buluh Estate				
(14)		Bukit Talang Estate				
(15)		Bukit Kerayong Estate				
(16)		Bukit Cheraka Estate				
(17)		Bukit Cioh Estate				
(18)		Bukit Lagong Estate				
(19)		Chenor Estate				
(20)		Jabor Estate				
(21)		Jentar Estate				
(22)		Kerdau Estate				
(23)		Sungai Mai Estate				
(24)		Tennamaram Palm Oil Mill				
(25)		Bukit Kerayong Palm Oil Mill				
(26)		East Oil Mill				
(27)		West Palm Oil Mill				
(28)		Kerdau Palm Oil Mill				
(29)		Jabor Palm Oil Mill				
(30)		Bukit Hijau Estate				
(31)		Bukit Selarong Estate				
(32)		Byram Estate				
			Notes:			
			PPA:		Palm fatty acid	
			PKC:		Palm kernel cake	
			PPKO:		Processed palm kernel oil	
			PPO:		Processed palm oil	
			SDS:		Oil palm seeds	
			SLGBUJI:		Oil palm seedling from oil palm seed	
			SLGTISU:		Oil palm seedling from planting material from oil palm tissue	
			SPO:		Sludge palm oil	

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(33)		Holyrood Estate				
(34)		Kalumpang Estate				
(35)		Padang Buluh Estate				
(36)		Sungai Dingin Estate				
(37)		Somme Estate				
(38)		Tali Ayer Estate				
(39)		Chersonese Estate				
(40)		Sungai Dingin Palm Oil Mill				
(41)		Bagan Datoh Estate				
(42)		Bikam Estate				
(43)		Cluny Estate				
(44)		Elphil Estate				
(45)		Flemington Sungei Sumun Estate				
(46)		Kamuning Estate				
(47)		Kinta Kellas Estate				
(48)		Sabak Bernam Estate				
(49)		Sabrang Estate				
(50)		Seri Intan Estate				
(51)		Sogomana Estate				
(52)		Sungei Samak Estate				
(53)		Sungei Wangi Estate				
(54)		Elphil Palm Oil Mill				
(55)		Flemington Palm Oil Mill				
(56)		Selaba Oil Mill				
(57)		Seri Intan Palm Oil Mill				
(58)		Bukit Benut Estate				
(59)		Bukit Paloh Estate				
(60)		Cep Niyor Estate				
(61)		Chaah Estate				
(62)		Gunung Mas Estate				
(63)		Kempas Klebang Estate				
(64)		Lambak/Elais Estate				
(65)		North Labis Estate				
(66)		Sungai Labis Estate				
(67)		Sungai Simpang Kiri Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(68)		Yong Peng Estate				
(69)		Chaah Palm Oil Mill				
(70)		Gunung Mas Palm Oil Mill				
(71)		Bukit Benut Palm Oil Mill				
(72)		Bukit Badak Estate				
(73)		CEP Renggam Estate				
(74)		Kulai Oil Palm Estate				
(75)		Layang Estate				
(76)		Pekan Ropel Estate				
(77)		Sembrong Estate				
(78)		Seri Pulau Estate				
(79)		Tun Dr. Ismail Estate				
(80)		Ulu Remis Estate				
(81)		Kempas and Merlimau Estate				
(82)		Hadapan Palm Oil Mill				
(83)		Ulu Remis Palm Oil Mill				
(84)		Labu Estate				
(85)		Bukit Pelandok Estate				
(86)		New Labu Estate				
(87)		Kirby Estate				
(88)		Salak Estate				
(89)		Sengkang Estate				
(90)		Silliau Estate				
(91)		Sua Bentong Estate				
(92)		Tamin Linggi Estate				
(93)		Tanah Merah Estate				
(94)		PD Lukut Estate				
(95)		Sungei Bahru Estate				
(96)		Labu Oil Mill - Pusat Teknologi Kilang Sawit (POMTEC)				
(97)		Tanah Merah Palm Oil Mill				
(98)		Sua Betong Palm Oil Mill				
(99)		Bukit Pilah Estate				
(100)		Diamond Jubilee Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(101) Kemuning Estate (102) Lanadron Estate (103) Muar River Estate (104) Pagoh Estate (105) Pengkalan Bukit Estate (106) Pertang Estate (107) Serkam/Ledang Estate (108) ST. Helier Estate (109) Sungai Senarut Estate (110) Sungai Sabaling Estate (111) Tangkah Estate (112) Welch Estate (113) Diamond Jubilee Oil Mill (114) Pagoh Palm Oil Mill (115) Kempas Palm Oil Mill (116) Mentakab Estate (117) Chersonese Oil Mill (118) Bradwall Estate				
		(iii) SD Austral Holdings, for the following: (1) Derawan Estate (2) Semarak Estate (iv) Wangsa Mujur and the following: (1) Dulang Estate (2) Paroh Estate (3) Pekaka Estate (4) Ruai Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(v) SD Plantation (Sarawak) and the following:				
		(1) Lavang Estate				
		(2) Sahu Estate				
		(3) Samudera Estate				
		(4) Takau Estate				
		(5) Derawan Palm Oil Mill				
		(6) Lavang Palm Oil Mill				
		(7) Rajawali Estate				
		(8) Damai Estate				
		(vi) China Engineers (Malaysia) and the following:				
		(1) Bukit Puteri Estate				
		(2) Bukit Puteri Palm Oil Mill				
		(3) Anak Kulim Estate				
		(4) Jentayu Estate				
		(5) Cenas Estate				
		(6) Bukit Asahan Estate				
		(7) Sungai Gemas Estate				
		(8) Kok Foh Estate				
		(9) Kok Foh Palm Oil Mill				
		(vii) SD Futures Trading				
		(viii) Sanguine (Malaysia) and the following:				
		(1) Elmina Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
MDTCC LICENCES						
2.	MDTCC	(i) SD Plantation (Sarawak), for the following: (1) Bayu Estate (2) Belian Estate (3) Chartquest Estate (4) Derawan Estate (5) Kelida Estate (6) Lavang Estate (7) Paroh Estate (8) Rasan Estate (9) Samudera Estate (10) Takau Estate (11) Lavang Takau Estate) (12) Lavang Palm Oil Mill (13) Rajawali Palm Oil Mill (14) Semarak Estate (15) Rajawali Estate (Rajawali Division) (16) Rajawali Estate (Saujana Division) (ii) Wangsa Mujur, for the following: (1) Dulang Estate (2) Pekaka Estate (3) Ruai Estate (iii) SD Plantation (Sabah), for the following: (1) Giram Estate	To permit the purchase and storage of the following scheduled controlled items: (i) diesel; (ii) petrol; (iii) petroleum gas liquid; (iv) liquefied petroleum gas; and/or (v) sugar.	Subsisting	(i) The permit holder must not have in his possession or control the scheduled controlled items exceeding the quantity as stipulated in the individual licence. (ii) The permit is non-transferable. (iii) The scheduled controlled items as stipulated in the individual licences are for own use and not for sale. (iv) The permit holder must keep proof of purchase of the scheduled control items for inspection. (v) The skid tank for the storage of the scheduled control items must be labelled. (vi) The permit is valid for the period approved which is issued and any renewal must be made 1 month prior to its expiration. (vii) The permit holder is bound by the Controlled Item Act 1961 and any subsidiary laws made therein.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(2)		Imam Estate (P.O.L Mill Bombalai Tawau)			(viii) If the permit holder is no longer using the scheduled controlled items as stipulated in the individual licence, the permit holder must return the said permit to the controller.	
(3)		Imam Estate (Andrassy Estate)*				
(4)		Jeleta Bumi Estate				
(5)		Merotai Estate (Manusi Division)				
(6)		Mostyn Estate				
(7)		Segaliud Estate*			(ix) If the permit holder is found to give false information or violate any of the aforementioned conditions, the permit may be revoked immediately.	
(8)		Sungang Estate				
(9)		Table Estate*				
(10)		Tingkayu Estate				
(11)		Binuang Oil Mill				
(12)		Giram Palm Oil Mill				
(13)		Merotai Palm Oil Mill				
(14)		Sandakan Bay Oil Mill				
(15)		Binuang Estate*				
(16)		Tiger Estate				
(17)		Tunku Estate*				
(iv)		SD Plantation, for the following:				
(1)		Tigowis Estate*				
(2)		Tun Tan Siew Sin Estate*				
(3)		Jomalina Refinery*				
(4)		Kernal Crushing Plant*				
(5)		Nuri Refinery				
(6)		Dusun Durian Estate*				
(7)		East Estate				
(8)		Sepang Estate (Main Store Division)				
(9)		Sepang Estate (Sungai Linau Division)*				
(10)		West Estate				
(11)		Tennamaram Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(12)		Tennamaram (Hopeful Division) Estate				
(13)		Sg Buloh Estate				
(14)		Bukit Talang Estate				
(15)		Bukit Kerayong Estate (Sg. Kapar Division)				
(16)		Bukit Kerayong Estate (Jalan Acob Division)				
(17)		Bukit Cheraka Estate				
(18)		Bukit Cloh Estate				
(19)		Mentakab Estate				
(20)		Jabor Valley Estate				
(21)		Jentar Estate				
(22)		Kerdau Estate (Sg. Tekal Division)				
(23)		Kerdau Estate				
(24)		Sungai Mai Estate				
(25)		Sungai Sebalang Estate				
(26)		Tennamaram Palm Oil Mill				
(27)		Bukit Kerayong Palm Oil Mill				
(28)		East Palm Oil Mill				
(29)		Kerdau Oil Mill				
(30)		Jabor Palm Oil Mill				
(31)		Bukit Hijau Estate				
(32)		Bukit Selarong Estate				
(33)		Chersonese Estate (Jin Seng Division)				
(34)		Chersonese Estate				
(35)		Holyrood Estate				
(36)		Kalumpong Estate				
(37)		Padang Buluh Estate				
(38)		Somme Estate				
(39)		Sungai Dingin Estate				
(40)		Tali Ayer Estate				
(41)		Chersonese Palm Oil Mill				
(42)		Sungai Dingin Palm Oil Mill				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(43)		Bagan Datoh Estate (Lower Division)				
(44)		Bikam Estate*				
(45)		Kamuning Estate				
(46)		Cluny Estate				
(47)		Elphil Estate				
(48)		Flemington Estate				
(49)		Kinta Kellas Estate				
(50)		Sabak Bernam Estate				
(51)		Sabrang Estate (Rubana Estate)*				
(52)		Sabrang Estate*				
(53)		Seri Intan Estate*				
(54)		Sogomana Estate and Sogomana Division and Cashwood Division)				
(55)		Sungai Samak Estate				
(56)		Sungai Wangi Estate				
(57)		Bukit Benut Estate				
(58)		Bukit Paloh Estate				
(59)		CEP Nyior Estate				
(60)		Chaah Estate				
(61)		Gunung Mas Estate				
(62)		Gunung Mas Estate - Kaw. Kilang Division 2, Chan Wing Estate				
(63)		Lambak/Elais Estate				
(64)		Sungai Labis Estate				
(65)		North Labis Estate				
(66)		Sungai Simpang Kiri Estate				
(67)		Yong Peng Estate*				
(68)		Chaah Palm Oil Mill				
(69)		Gunung Mas Palm Oil Mill*				
(70)		Bukit Badak Estate				
(71)		CEP Rengam Estate				
(72)		Kulai Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(73)		Kelan Estate*				
(74)		Layang-Layang Estate & Bahagian Hadapan DIV				
(75)		Pekan Estate				
(76)		Sembrong Estate				
(77)		Seri Pulau Estate				
(78)		Tun Dr Ismail Estate (Benut Division)				
(79)		Tun Dr Ismail Estate				
(80)		Tun Dr Ismail Estate (Simpang Renggam Division)				
(81)		Ulu Remis Palm Oil Mill				
(82)		Labu Estate				
(83)		New Labu Estate				
(84)		New Labu Estate (Kirby Division)				
(85)		Salak Estate				
(86)		Sengkang Estate ((PP1) D/V, BT 14 and (PP1) D/V, BT 18)				
(87)		Siliau Estate				
(88)		Sua Bentong Estate				
(89)		Tampin Linggi Estate				
(90)		Tanah Meran Estate				
(91)		PD Lukut Estate				
(92)		Sungai Baru Estate				
(93)		Labu Palm Oil Mill				
(94)		Sua Betong Palm Oil Mill*				
(95)		Bukit Pilah Estate				
(96)		Diamond Jubilee Estate*				
(97)		Merlimau Estate				
(98)		Kemuning Estate				
(99)		Lanadron Estate				
(100)		Pagoh Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(101) Pengkalan Bukit Estate (Teriang Renchong Estate)				
		(102) Pengkalan Bukit Estate				
		(103) Tangkah Estate				
		(104) Kempas Palm Oil Mill				
		(105) Chenor Estate				
		(106) Kempas Estate				
		(107) St. Helier Estate				
		(108) Ulu Remis Estate				
		(109) Pertang Estate				
		(110) Bradwall Estate				
		(111) Genset Room Basement 1				
		(112) Serkam Estate				
		(113) Muar River Estate				
		(114) Sua Betong Estate				
		(v) Sanguine (Malaysia), for the following:				
		(1) Elmina Estate (Division No.1)*				
		(vi) China Engineers (Malaysia), for the following:				
		(1) Anak Kulim Estate				
		(2) Jentayu Estate				
		(3) Cenas Estate				
		(4) Bukit Asahan Estate				
		(5) Sungai Gemas Estate*				
		(6) Kok Foh Estate				
		(7) Bukit Puteri Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
ENVIRONMENTAL LICENCES						
3.	DOE	(i) SD Plantation, for the following: (1) Derawan Palm Oil Mill (2) Lavang Oil Mill (3) Rajawali Palm Oil Mill (4) Sandakan Bay Palm Oil Mill (5) Tennamaram Palm Oil Mill (6) Bukit Kerayong Palm Oil Mill (7) East Oil Mill (8) West Oil Mill (9) Bukit Puteri Oil Mill (10) Kerdau Palm Oil Mill (11) Chersonese Palm Oil Mill (12) Sungai Dingin Palm Oil Mill (13) Elphil Palm Oil Mill (14) Flemington Palm Oil Mill (15) Selaba Oil Mill (16) Seri Intan Palm Oil Mill (17) Chaah Palm Oil Mill (18) Gunung Mas Palm Oil Mill (19) Bukit Benut Oil Mill (20) Hadapan Palm Oil Mill (21) Ulu Remis Palm Oil Mill (22) Labu Oil Mill - Pusat Teknologi Kilang Sawit (POMTEC) (23) Tanah Merah Palm Oil Mill (24) Sua Betong Palm Oil Mill (25) Diamond Jubilee Palm Oil Mill (26) Kempas Palm Oil Mill (27) Pagoh Palm Oil Mill (28) Jabor Palm Oil Mill	Licence to occupy or to use the prescribed premises as required under Section 18(1) of the EQA. The occupation and use of prescribed premises is subject to compliance with the maximum capacities of FFB per hour as outlined in the licence.	Subsisting	(i) The maximum processing limit of FFB must not exceed certain tonnage per hour as specified in the individual licence. (ii) Operation of the plant must be stopped if any damage occurs to any of the systems as stipulated in the licences. (iii) A competent person shall be appointed to, among others, operate and/or maintain the system, effluent treatment, air pollution control and/or manage wastes as stipulated in the licences. (iv) Among others, no additional work/plant capacity expansion is allowed without prior written approval of the DOE.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(ii) SD Plantation (Sabah), for the following: (1) Binuang Oil Mill (2) Giram Oil Mill (3) Melalap Palm Oil Mill (4) New Merotai Palm Oil Mill (iii) China Engineers (Malaysia), for the following: (1) Kok Foh Palm Oil Mill				
NON-RESIDENT EMPLOYEES EMPLOYMENT LICENCES						
4.	Labour Department of Sabah	(i) SD Plantation (Sabah), for the following: (1) Binuang Estate (2) Giram Estate (3) Imam Tawau Estate (4) Jeleta Bumi Estate (5) Merotai Tawau Estate (6) Mostyn Estate (7) Segaliud Estate (8) Sentosa Estate (9) Sungang Estate (10) Table Estate (11) Tiger Estate (12) Tigowis Estate (13) Tingkayu Estate (14) Tun Tan Siew Sin Estate (15) Tunku Estate (16) Merotai Oil Mill	This licence is issued for the purpose of hiring non-resident employees pursuant to Section 118 of the Labour Ordinance (Sabah Cap 67).	Subsisting	(i) This licence is non-transferable and is only valid for the number of employees stipulated in the individual licence. (ii) Any non-resident employee employed under this licence is protected under the Worker's Compensation Act 1952 or the Employees' Social Securities Act 1969, whichever is applicable. If a non-resident employee other than a domestic worker who is not protected under the scopes of the aforementioned statutes, the employer must insure such employee with insurance policies providing protection not less than the protection provided by the aforementioned statutes.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of approval	Status	Main conditions	Status of compliance
		(ii) SD Plantation, for the following:			(iii) The renewal of this licence must be made 2 months prior to its expiration.	
		(1) Sandakan Bay Palm Oil Mill			(iv) This licence may be withdrawn or revoked or not renewed by the director of Labour Department of Sabah if he is satisfied that:	
					(a) there has been a violation of any of the sections in any written laws or rules made or any of the conditions of this licence; or	
					(b) the employer has given false information to obtain this licence.	
5.	Labour Department Sarawak	(i) SD Plantation (Sarawak), for the following: (1) Lavang Special Estate (2) Takau Estate (3) Derawan Estate (4) Damai Estate (5) Rasan Estate	Approval in principle for the employment of non-resident employees which sets out, among others, the number of employees, type of work and country of origin of such employees.	Subsisting	The application for licence to employ non-resident employees must be made within the validity period of the approval in principle issued to the respective estates.	In compliance
		(ii) SD Plantation for the following: (1) Kelida Estate (2) Rajawali Estate (3) Chartquest Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(4) Samudera Estate (5) Bayu Estate (6) Ruai Estate (7) Sahua Estate (8) Pekaka Estate (9) Paroh Estate (10) Semarak Estate (11) Lavang Estate (12) Belian Estate (13) Saujana Estate (14) Dulang Estate				
6.	Labour Department Sarawak	(i) SD Plantation (Sarawak), for the following: (1) Lavang Special Estate (2) Takau Estate (3) Derawan Estate (4) Damai Estate (5) Rasan Estate (ii) SD Plantation for the following: (1) Kelida Estate (2) Rajawali Estate (3) Chartquest Estate (4) Samudera Estate (5) Bayu Estate (6) Ruai Estate (7) Sahua Estate (8) Pekaka Estate (9) Paroh Estate (10) Semarak Estate (11) Lavang Estate (12) Belian Estate	Licence issued for the purpose of hiring non-resident employees pursuant to Section 119 of the Labour Ordinance (Sarawak, Chapter 76).	Subsisting	(i) The approval is subject to the terms and conditions as stipulated in this licence. (ii) The foreign workers are to be employed at a place as stipulated in this licence. (iii) If a renewal of this licence is required, the position must be advertised and referred to the Department of Labour to determine whether or not there are suitable local employees for the same. (iv) An application for renewal of this licence must be made within 2 months prior to its expiration.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(13) Saujana Estate (14) Dulang Estate				
MANUFACTURING LICENCES						
7.	MITI	(i) SD Plantation, for the following: (1) Nuri Refinery, Lot 27, PT 234, Lebu Sultan Mohamed 1, Kawasan Perindustrian, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor (2) Jomalina Refinery, Kawasan Perindustrian Telok Panglima Garang, Batu 9 Jalan Banting-Klang, 42500 Kuala Langat, Selangor (3) KCP, Lot 2666, 42960 Pulau Carey, Selangor Darul Ehsan	Licence to manufacture, among others, the following: (i) crude olein and stearin, degummed palm oil, olein and stearin; neutralised palm oil, olein and stearin; bleached palm oil, olein and stearin; deodorised palm oil, olein and stearin; neutralised and bleached palm oil, olein and stearin; fully refined palm oil, olein and stearin, soapstock; acid oil, vanaspati; distilled fatty acids; cooking oil, margarine, fats, shortenings, cocoa butter substitutes, palm oil mild fraction, RBD PKO and PK fatty acid distillate; (ii) RBD palm oil, RBD palm olein, RBD palm stearin, PFAD, crude palm olein, crude palm stearin, CPKO, PK cake, RBD PKO, olein and stearin, PK fatty acid distillate, cooking oil, palm oil mid fractions, vanaspati, margarine, shortening and 'cocoa butter equivalent'; or (iii) CPKO and PK cake.	Subsisting	(i) Subject to the approval from the relevant state government and the department of environment. (ii) The sale of the shares of this company shall be notified to the MITI and the Malaysian Investment Development Authority. (iii) This company shall train Malaysian citizens so that the transfer of technology and expertise can be channeled to all job levels. (iv) This company shall carry out its projects as approved and in accordance with the law together with other rules and regulations in Malaysia.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
8.	MDTCC	(i) SD Plantation, for the following: (1) Nuri Refinery, Lot 27, PT 234, Lebuah Sultan Mohamed 1, Kawasan Perindustrian, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor (2) Jomalina Refinery, Kawasan Perindustrian Telok Panglima Garang, Batu 9 Jalan Banting-Klang, 42500 Kuala Langat, Selangor	Licence to manufacture cooking oil.	Subsisting	(i) This licence is valid for the business of wholesale goods scheduled only in the premises as stipulated in the licence. (ii) The licensee shall keep the goods mentioned in the licence only at the premises as stipulated in the licence. (iii) This licence is not transferable. (iv) This licence is subject to special conditions which are stipulated in the licence.	In compliance
EXPORT LICENCE						
9.	MPOB	(i) SD Plantation, for the following: (1) Jomalina Refinery, Kawasan Perindustrian Telok Panglima Garang, Batu 9, Jalan Banting-Klang, 42500 Kuala Langat, Selangor	Licence to export oils and fats of palm oil (excluding margarine, imitation ghee and shortening).	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
LICENCE TO STORE PETROLEUM AND STORAGE OF NON-DANGEROUS PETROLEUM						
10.	Majlis Perbandaran Tawau, Sabah	(i) SD Plantation (Sabah), for the following: (1) Imam Estate	Licence to permit the storage of petroleum in an installation or storage shed.	Subsisting	This licence is not transferrable.	In compliance
11.	Baling Office	(i) SD Plantation, for the following: (1) Bukit Selarong Estate	Licence to store non-dangerous petroleum.	Subsisting	-	-
12.	Jempol Office	(i) SD Plantation, for the following: (1) Sungei Sebalang Estate	Licence to store non-dangerous petroleum.	Subsisting	-	-
13.	Segamat Office	(i) SD Plantation, for the following: (1) Welch Estate	Licence to store non-dangerous petroleum.	Subsisting	-	-
14.	Bintulu Development Authority	(i) SD Plantation, for the following: (1) Derawan Oil Mill	Licence to store petroleum.	Subsisting	-	-
PRIVATE GAS LICENCE						
15.	Energy Commission	(i) SD Plantation, for the following: (1) Sua Bentong Estate	Licence to distribute gas and handle gas installation in compliance with the Gas Supply Regulator 1997.	Subsisting	(i) The renewal of this licence must be made not less than 2 months prior to its expiration.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(2) Sime Darby Plantation – Kafeteria			(ii) To comply with the written instruction issued by the Energy Commission from time to time.	
		(3) Sime Darby Plantation Academy				

Note:

* This licence has expired and we are currently in the process of renewing the said licence.

In addition, our Malaysian operations are also subject to, among others, the following licences and certifications:

- (1) certificates of fitness issued by the Department of Occupational Safe and Health pursuant to the Factories and Machinery Act 1967 and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 in respect of hoisting machines, unfired pressure vessels and steam boilers owned by the companies;
- (2) registration certificate issued by the Embassy of the Republic of Indonesia, Kuala Lumpur, in relation to the Labor Attache of the Embassy of the Republic of Indonesia, in accordance with the Government Ordinance of Indonesia No. 5/2013 concerning the Assessment and Determination of Business Partners and Individual Users, stating that the Malaysian Employment Agency (i.e. our Company) is registered at The Embassy of the Republic of Indonesia, Kuala Lumpur;
- (3) fire certificates issued by the Fire and Rescue Department pursuant to the Fire Service Act 1988 and Fire Services (Fire Certificate) Regulations 2001, certifying that the premises stipulated in the said certificates have complied with the life safety, fire prevention, fire protection and firefighting requirements of the Fire Services Act 1988;
- (4) Inverse Time (Overcurrent and Earth Fault) Relay Calibration Certificates and Earth Leakage Relay Calibration Certificates issued by the Energy Commission in relation to the certification by the electrical service engineer that the testing and calibration of the installations as stipulated in the certificates has been carried out by the said electrical service engineer, and that to the best of the knowledge and belief of the said electrical service engineer, the said installations are in accordance with the Electricity Regulations 1994;
- (5) permit to work overtime issued by the Labour Department of Sarawak pursuant to Section 105(7) of the Labour Ordinance (Sarawak, Chapter 76);
- (6) certificate of registration issued by the Energy Commission pursuant to Section 21 of the Electricity Supply Act 1990 to certify that the installations as stipulated in the certificates are in compliance with the Electricity Supply Act 1990 and the regulations under the same;

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

- (7) licence for livestock farm issued by the State Veterinary Authority, Sarawak pursuant to Section 42 of the Veterinary Public Health Ordinance 1999, certifying that the estate as stipulated in the licence is licensed to carry out livestock farming at a place as stipulated in the licence as well as to rear, keep or treat the livestock as stipulated in the licence, subject to the conditions and restrictions in the same;
- (8) certificates of verification issued by Metrology Corporation Malaysia Sdn Bhd pursuant to Weight and Measure Act 1972, Regulation 16, 28A and 15 of the Weight and Measure Regulations 1981 for the verifications of all weighing and measuring instruments used for trade;
- (9) permit issued by the Labour Department of Sabah for the deduction of salary of the employees pursuant to Section 113(4) Labour Ordinance (Sabah Cap 67) for the deduction of the salary of employees for payment to, among others, Amanah Saham Bumiputera, Tabung Haji, trade union, electricity, insurance and petrol;
- (10) apparatus assignment issued by the Malaysian Communications and Multimedia Commission pursuant to the Communications and Multimedia Act 1998 in respect of the operation of private apparatuses;
- (11) licence for private installation (plant or equipment designed for supply or use of electricity) issued by the Energy Commission pursuant to Electricity Supply Act 1990 for the use, work or operation of private installations as stipulated in the licence;
- (12) permit to purchase, store and use of sodium hydroxide issued by the Health Department of the relevant state pursuant to the Poison Ordinance 1952 and Poisons (Sodium Hydroxide) Regulations 1962;
- (13) Surface Water Abstraction licences issued by the Director of Water Resources of Negeri Sembilan pursuant to Section 7(4) of the Water Act 1920, to permit the water abstraction for commercial purposes in the locations as set out in the licences, with a limited rate of abstraction as stipulated in the same;
- (14) licence for Trade, Business, Industry and Other Professions issued by the Port Dickson Municipal Council to permit the storage of, among others, harmful oils;
- (15) permits issued by the Department of Labour of Peninsular Malaysia pursuant to Section 24 of the Employment Act 1955, to allow deductions from the workers' salary to be made for reasons as stipulated in the same;
- (16) permits to work overtime issued by the Department of Labour of Sarawak pursuant to Section 105(7) of the Sarawak Labour Ordinance to allow for workers to work overtime for the number of hours as stipulated in the said permits;
- (17) permit to work overtime issued by the Department of Labour of Peninsular Malaysia pursuant to Section 60(4)(a) of the Employment Act 1955 to allow the workers to work overtime exceeding such limit prescribed in the Employment Act 1955;

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

- (18) certificate of Halal Authentication issued by the Department of Islamic Development Malaysia pursuant to Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel;
- (19) Lesen Pedagang issued by the Malaysian Rubber Board pursuant to the Malaysian Rubber Board (Incorporation) Act 1996 to, among others, buy, store or sell rubber plant material, or to grow, cultivate, plant or transfer planting rubber material for commercial purposes;
- (20) licence to collect toll issued by the state secretary of Johor to permit the collection of tolls;
- (21) letter of registration pursuant to Section 21 of the Goods and Services Tax Act 2014, being a company which is liable to register under the said act; and
- (22) publication permit issued by the Ministry of Home Affairs pursuant to the Printing Presses and Publication Act 1984, to print and publish materials as set out in the publication permit.

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ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

B2. Indonesia

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
GENERAL LICENCES						
1.	Directorate General of Tax on behalf of Minister of Finance	(i) PT MPS (ii) PT MGG (iii) PT TGK (iv) PT PSA (v) PT SAA (vi) PT LMI (vii) PT AIP (viii) PT BNS (ix) PT KLR (x) PT GPI (xi) PT KIP (xii) PT ASM (xiii) PT BSS (xiv) PT GHN (xv) PT TMP (xvi) PT BSC (xvii) PT BGR (xviii) PT TSA (xix) PT SHE (xx) PT LMR (xxi) PT MAS	Licence related to tax matters.	Subsisting	This licence is valid for so long the company conducts its business.	In compliance
		change of domicile from Pontianak City to Central Jakarta, PT MAS is currently in the process of re-registering this licence in the current domicile of PT MAS.)				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
INVESTMENT LICENCE						
2.	Head of Indonesian Investment Coordinating Board (<i>Badan Koordinasi Penanaman Modal</i>) ("BKPM")	PT AIP	Licence to establish the plantation in Tenayan Raya, Pekanbaru, Riau Province.	Subsisting	PT AIP is required to complete the project within a maximum period of 5 years after the issuance date of this licence.	In compliance
PLANTATION BUSINESS LICENCES						
3.	Regent of Kotabaru	(i) PT PSA (ii) PT SAA (iii) PT LMI	Licence to conduct plantation business.	Subsisting	The company is required to apply for re-registration of the licence every 10 years, and the licence is valid as long as the company manages the plantation business in accordance with the technical provisions on plantations, and the prevailing laws and regulations.	In compliance
		(iii) PT BSS	Licence to cultivate.	Subsisting	The company is required to apply for re-registration every 10 years.	In compliance
		(iv) PT LMI	Licence to expand business activity into refinery process of palm oil into PK.	Subsisting	This licence is valid as long as the company is using the plantation commercially. The company is required to apply for re-registration every 10 years.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
4.	Regent of Paser	PT LMR	Licence to conduct plantation business in an oil palm plant.	Subsisting	This licence is valid as long as the company manages the plantation business in accordance with the technical provisions on plantations and the prevailing laws and regulations.	In compliance
5.	Director General of Sea Transportation	PT SAA	Licence to operate the designated terminal for palm oil plantation.	Subsisting	-	-
6.	Head of BKPM	(i) PT MAS (ii) PT TSA (iii) PT TMP (iv) PT PSA (v) PT SAA (vi) PT LMI (vii) PT MAS (viii) PT AIP (ix) PT TSA (x) PT BNS (xi) PT BGR (xii) PT TMP (xiii) PT LMR (xiv) PT SHE (xv) PT GPI (xvi) PT TKG (xvii) PT LMI	Licence to conduct business in the field of agriculture. Licence to conduct integrated business activities in oil palm plantations with the processing unit into CPO and PK.	Subsisting Subsisting Subsisting	- The company is subject to apply for an expansion of the principle licence if the company has additional products exceeding 30% of the current capacity.	- In compliance
			In-principle licence to expand the investment in the production of FFB and the processing of CPO and kernels.	Subsisting	The company is required to conclude the project no later than 5 years from the issuance date of the permit.	Complied

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
7.	Director General of Plantation	(i) PT KLR	Licence to conduct plantation business activities.	Subsisting	(i) The company is required to submit a request/application for approval, if there is any change of its cultivated plants or expansion of its business.	In compliance
		(ii) PT AIP (iii) PT BSC (iv) PT TGK	Licence to conduct plantation business.	Subsisting	(ii) The company is required to notify the Director General if there is any change of name of the company.	In compliance
		(v) PT BSS	Licence to conduct palm oil plantation business.	Subsisting	(i) The company is required to apply for approval, if there is any change of the plant species or expansion of its business.	In compliance
8.	Head of Investment Licensing Services and Regional Promotion under the name of the Indragiri Hilir Regent	PT BNS	Licence to conduct plantation business.	Subsisting	(ii) The company is required to notify the Director General if there is any change in ownership of the estate.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
9.	Head of the Integrated One-Door Services Office of Muaro Jambi Regency	PT BGR	Licence to cultivate the palm oil plantation and operate the processing unit of palm oil with Plantation Development with the Public Core Plantation (<i>Perkebunan Inti Rakyat</i>) pattern associated with the Transmigration Programme pattern.	Subsisting	This licence is valid as long as the company conducts its plantation business.	In compliance
10.	The Minister of Forestry and Plantation, Minister/Head of Investment and Development of State-Owned Enterprises	(i) PT BSC	Licence to conduct plantation business activities.	Subsisting	(i) This licence is valid for an indefinite period. (ii) The company is required to apply for the expansion permit, if the company makes additional production exceeding 30% of the installed capacity.	In compliance
		(ii) PT TMP	Licence to conduct plantation business.	Subsisting	(iii) The company is required to implement all the provisions contained in the environmental licence.	-
11.	Central Kalimantan Governor	PT KLR	Permit to increase the industrial capacity in Seruyan Tengah District, and Mentaya Hulu District, Kotawaringin Timur Regency, Central Kalimantan.	Subsisting	-	-
12.	Regent of Tanah Bumbu	PT SHE	Licence to operate the oil palm plantation and palm oil factory.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
13.	Regent of Musi Banyuasin	(i) PT GPI (ii) PT GPI	Licence to operate oil palm plantation and CPO factory. Licence to conduct plantation cultivation business.	Subsisting Subsisting	- This licence is valid as long as the company conducts its plantation business properly in accordance to the prevailing laws and regulations in Indonesia.	- In compliance
ENVIRONMENTAL LICENCES						
14.	Head of Agribusiness, Minister of Agriculture	(i) PT PSA (ii) PT SAA (iii) PT LMI (iv) PT MAS (v) PT AIP (vi) PT TSA (vii) PT BSC (viii) PT BSS (ix) PT TGK (x) PT TMP (xi) PT KLR (xii) PT SHE	Approval on the environmental management plan and environmental monitoring plan for the palm oil plantation and factory.	Subsisting	-	-
15.	Regent of Kotabaru	(i) PT SAA (ii) PT LMR (iii) PT LMI (iv) PT GHN	Licence to build and operate the designated terminal for palm oil plantation. Licence to construct a kernel oil factory and use the biogas. Licence to construct the palm oil refinery complex.	Subsisting Subsisting Subsisting	- - -	- - -

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
16.	Head of Environment Body Siak Regency	(i) PT AIP	Licence to normalise activities in Gasib River, conduct harvesting activities, carry out the trucking of FFB, carry out CPO marketing and transport, and rejuvenate the plants (replanting).	Subsisting	The company shall apply for a change of environmental permit if the business and/or activities has changed.	In compliance
17.	Regent of Seruyan	PT TSA	Licence to construct the PK processing unit, biogas utilisation, and other support facilities.	Subsisting	-	-
18.	Head of the Environment, Mining, and Energy Agency, Regency Government of Indragiri Hilir.	PT BNS	(i) Approval for the environmental documents of the plantation, palm oil processing factory, and port for private usage of the company in Indragiri Hilir Regency, Riau Province. (ii) Approval for the environmental documents of the project located in Bente Village, Mendah District, Indragiri Hilir Regency. (iii) Permit to store dangerous and poisonous waste.	Subsisting	-	-
19.	Jambi Governor	PT BGR	Permit for palm oil plantation and processing factory.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
20.	Head of the Environmental Impact Management Board of Rokan Hilir Regency	PT TMP	Approval for the adjustment of activities under the environmental management plan and environmental monitoring plan of the palm oil plantation and processing plant.	Subsisting	-	-
21.	Licensing and the Investment Services Agency of Musi Banyuasin District	PT GPI	Nuisance permit.	Subsisting	-	-
22.	Musi Banyuasin Regent	PT GPI	Approval for the environmental management plan and environmental monitoring plan of the palm oil plantation and processing plant activities.	Subsisting	-	-
			Approval for the additional of management and environment monitoring plan documents.	Subsisting	-	-

LOCATION PERMITS

24.	Paser Regent	(i) PT PSA (ii) PT LMR	Permit to acquire a land with a right to cultivate (Hak Guna Usaha) ("HGU") title for developing the oil palm plantation.	Subsisting	-	-
25.	Kotabaru Regent	PT SAA	Permit to acquire a land with HGU title for developing the oil palm plantation.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
26.	Head of the Land Office of Sanggau Regency	PT MAS	Permit to acquire a land with HGU title for developing the oil palm plantation.	Subsisting	-	-
27.	Pekanbaru Mayor	PT AIP	Permit to acquire a land with HGU title for developing the oil palm plantation.	Subsisting	-	-
28.	Head of the One-Door Integrated Services Office of Muaro Jambi Regency	PT BGR	Permit to acquire a land with HGU title for developing the oil palm plantation.	Subsisting	-	-
29.	Musi Rawas Regent	(i) PT BSC (ii) PT GPI	Permit to acquire a land with HGU title for developing the oil palm plantation.	Subsisting	-	-
30.	Head of the Regional Office of National Land Agency of South Kalimantan	PT BSS	Permit to acquire 2 plots of land with HGU title for developing the oil palm plantation.	Subsisting	-	-
31.	Morowali Regent	PT TGK	Permit to acquire 2 plots of land with HGU title for developing the oil palm plantation.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

B3. PNG

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
CERTIFICATES OF REGISTRATION AS A FACTORY						
1.	Department of Labour and Industrial Relations	(i) NBPOL – West New Britain, for the following: (1) Mosa Mill (2) Clean Mechanism Mosa Development (3) Kimbe Bulk Station (4) CPO Mill (5) Mosa (6) Bilomi (7) Haella (8) Kumbango (9) Numundo Mill (10) Kumbango Mill (11) Clean Mechanism Kumbango Development (12) Waraston Mill (13) Kapiura Mill (14) Mosa (15) Kautu (16) Bilomi Div 1 (17) Kautu Div 2 (18) Bilomi Div 2 (19) Malilimi Div 2 (20) Rigula Mini Estate (21) Garu Estate (22) Kumbango Div 2 (23) Kumbango Div 3 (24) Volupai Estate	Certificate of registration as a factory for, among others, the following purposes: (i) mill processing plant; (ii) power house; (iii) water treatment plant; (iv) fabrication/electrical workshop; (v) maintenance workshop; (vi) bulk station; (vii) CPO processing mill; (viii) mill maintenance workshop; (ix) vehicle maintenance workshop; (x) welding bay; (xi) heavy equipment workshop; (xii) crusher plant; (xiii) refinery plant; (xiv) Kumbango Oil Mill processing plant; (xv) Clean development mechanism plant; (xvi) CPO mill processing plant; (xvii) carpentry/joinery workshop; (xviii) welding workshop; (xix) sewing/upholstery workshop; (xx) plumbing draining workshop; (xxi) carpentry/joinery; (xxii) masonry block making workshop;	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			(xxiii) welding workshop; (xxiv) tyre workshop; (xxv) workshop; and/or (xxvi) vehicle workshop.			
(ii)		Kula Palm Oil Limited – Higaturu Oil Palms, for the following:	Certificate of registration as a factory for, among others, the following purposes:	Subsisting	-	-
(1)		Sumberipa Estate	(i) power house;			
(2)		Sangara Estate	(ii) carpentry/joinery;			
(3)		Embi Estate	(iii) aircon refrigeration;			
(4)		Mamba Estate	(iv) vehicle maintenance workshop;			
(5)		Sangara Ridge	(v) electrical workshop;			
(6)		Sangara Siroga	(vi) water treatment plant;			
(7)		Ambogo Estate	(vii) mill processing;			
(8)		Mamba Estate	(viii) mini workshop;			
(9)		Oro Bay Bulk Depot	(ix) vehicle maintenance;			
(10)		Sangara Estate Office	(x) tyre bay;			
(11)		Sangara Moale	(xi) mini carpentry;			
(12)		Sangara Estate	(xii) water treatment;			
			(xiii) mill maintenance;			
			(xiv) bulking station;			
			(xv) panel bay;			
			(xvi) welding bay; and/or			
			(xvii) maintenance workshop.			
(iii)		Kula Palm Oil Limited trading as Milne Bay Estates, for the following:	Certificate of registration as a factory for, among others, the following purposes:	Subsisting	-	-
(1)		Alotau	(i) fire tube boiler house;			
(2)		Hagita Main Office	(ii) mill power house 2;			
(3)		Bonata Estate	(iii) heavy vehicle workshop;			
(4)		Hagita Estate				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
(5)		Giligili Estate	(iv) information technology backup gen set;			
(6)		Hagita Mill	(v) power house;			
(7)		Hagita VWS	(vi) construction workshop;			
(8)		Magisub Estate	(vii) gen set;			
(9)		Mariawatta Estate	(viii) boiler house 1;			
(10)		Padipadi Estate	(ix) machine fitting workshop;			
(11)		Tamonan Estate	(x) fabrication workshop;			
(12)		Waigani	(xi) electrical workshop;			
			(xii) mill processing plant;			
			(xiii) remineralisation plant;			
			(xiv) mill power house 1;			
			(xv) boiler house 2;			
			(xvi) auto electrical workshop;			
			(xvii) light vehicle workshop;			
			(xviii) motor vehicle workshop;			
			(xix) small engine workshop;			
			(xx) tractor workshop;			
			(xxi) tyre repair workshop;			
			(xxii) repair workshop;			
			(xxiii) mechanical workshop;			
			(xxiv) panel bay;			
			(xxv) tyre bay; and/or			
			(xxvi) welding bay.			
(iv)		Ramu Agri, for the following:	Certificate of registration as a factory for, among others, the following purposes:	Subsisting		
(1)		Central Workshop				
(2)		Harvest Workshop				
(3)		Ramu Sugar	(i) tyre bay workshop;			
(4)		Palm Oil Mill	(ii) vehicle tractor workshop;			
(5)		Gusap PO Estate and Beef Office Area	(iii) haulage workshop;			
(6)		Bulk Station	(iv) welding/fabrication;			
(7)		Abattor	(v) harvest workshop;			
(8)		Leron	(vi) distillery plant;			
			(vii) oil palm factory;			

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(9) Ramu Beef (10) Ramu Sugar	(viii) power house; (ix) water treatment plant; (x) maintenance; (xi) vehicle workshop; (xii) butchery; (xiii) general vehicle workshop; (xiv) sugar mill; (xv) electrical workshop; (xvi) building workshop; (xvii) machine workshop; (xviii) packaging workshop; and/or (xix) mechanical workshop.			
		(v) Poliamba Limited, for the following: (1) Lakurumau Estate (2) Madak Estate (3) Sicaui Estate (4) Noatsi Estate (5) Kara Estate	Certificate of registration as a factory for, among others, the following purposes: (i) mill processing plant; (ii) power house; (iii) electrical workshop; (iv) mill maintenance workshop; (v) vehicle maintenance workshop; and/or (vi) carpentry workshop.	Subsisting		-

LICENCE TO STORE INFLAMMABLE LIQUIDS AND/OR DANGEROUS GOODS

2.	Department of Trade, Commerce and Industry	(i) NBPOL – West New Britain, for the following: (1) Mosa Mill (2) Mosa Crusher Plant (3) Mosa (4) Heavy Equipment Workshop – Healla (5) Bilomi Workshop	Licence to store inflammable liquids and/or dangerous goods.	Subsisting		-
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ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of approval	Status	Main conditions	Status of compliance
(6)		Engineering Stores – Mosa				
(7)		Numundo Mill				
(8)		Kumbango Refinery				
(9)		Kumbango Warehouse				
(10)		Haella				
(11)		Lokokoru Estate				
(12)		Lotomgam Estate				
(13)		Volupai Estate				
(14)		Navarai Estate				
(15)		Numundo				
(16)		Tilli Estate				
(17)		Daliavu Estate				
(18)		Bilomi Div. 1				
(19)		Moroa Estate				
(20)		Karausau				
(21)		Bilomi Div. 2				
(22)		Kautu Div. 1				
(23)		Kautu Div. 2				
(24)		Malilimi Div. 1				
(25)		Malilimi Div. 2				
(26)		Rigula Mini Estate				
(27)		Garu Estate				
(28)		Togulo				
(29)		Bebere Div. 2				
(30)		Bebere Div. 1				
(ii)		Kula Palm Oil Limited – Higaturu Oil Palms, for the following:	Licence to store inflammable liquids and/or dangerous goods.	Subsisting		-
(1)		Vehicle Workshop				
(2)		Power House				
(3)		Field Stores				
(4)		Ridge				
(5)		Power House				
(6)		Estate Office				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of approval	Status	Main conditions	Status of compliance
(7)		Siroga Village				
(8)		Fuel Station				
(9)		Estate				
(10)		Tank Bund				
(11)		Estate				
(12)		Bund				
(13)		Boiler House				
(14)		Estate Power House				
(15)		Estate Chemical Shed				
(16)		Ove Village				
(17)		Gabi				
(18)		Power House				
(19)		Mill				
(20)		Estate Village				
(iii)		Kula Palm Oil Limited – Milne Bay Estates, for the following:	Licence to store inflammable liquids and/or dangerous goods.	Subsisting	-	-
(1)		Alotau Bulk Term				
(2)		Sagarai				
(3)		Giligili				
(4)		Hagita Mill				
(5)		Magisubu				
(6)		Hagita Planation				
(7)		Wariamata				
(8)		Padipadi				
(9)		Tamonau-Sagarai				
(10)		Hagita Vehicle Workshop				
(11)		Waigani				
(iv)		Ramu Agri, for the following:	Licence to store inflammable liquids and/or dangerous goods.	Subsisting	-	-
(1)		Ramu Main Gate				
(2)		Warehouse				
(3)		Distillery Plant				

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of approval	Status	Main conditions	Status of compliance
		(4) Palm Oil Mill				
		(5) Palm Oil and Beef Office				
		(6) Bulking Stations				
		(7) Ramu Beef				
		(8) Leron Beef				
		(v) Poliamba Limited, for the following:	Licence to store inflammable liquids and/or dangerous goods.	Subsisting	-	-
		(1) Madak Estate				
		(2) Noatsi Estate				
		(3) Kara Estate				
		(4) Siccacui Estate				

ENVIRONMENT PERMITS

3.	Conservation and Environment Protection Authority	(i) NBPOL	Permit to:	Subsisting	-	-
			(i) carry out an agriculture project incorporating oil palm plantation and mills together with intensive and extensive cattle rearing and processing;			
			(ii) carry out activities (as stipulated in the permit) associated with oil palm plantations, palm oil mills, methane capture, cattle grazing, feedlot and abattoirs, and associated roads, housing compounds, power generation, water supply, gravel extraction, waste disposal and bulking and loading port facilities; and			

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			(iii) extract water from various sources of water for both domestic and industrial uses while carrying out the above works relating to the operations of NBPOL – West New Britain.			
		(ii) Kula Palm Oil Limited – Higaturu Oil Palms	Permit to: (i) carry out an agriculture project incorporating oil palm plantation and mills in the Oro Province; (ii) carry out activities (as stipulated in the permit) associated with oil palm plantations, palm oil mills, methane capture, and associated roads, housing compounds, power generation, water supply, gravel extraction, waste disposal and bulking and loading port facilities; and (iii) extract water from various sources of water for both domestic and industrial uses while carrying out the above works relating to the operations of NBPOL – Higaturu Oil Palm.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
		(iii) Kula Palm Oil Limited – Milne Bay Estates	Permit to: (i) carry out an agriculture project incorporating oil palm plantation and mills in Milne Bay Province; (ii) carry out activities (as stipulated in the permit) associated with oil palm plantations, palm oil mills, methane capture, and associated roads, housing compounds, power generation, water supply, gravel extraction, waste disposal and bulking and loading port facilities; and (iii) extract water from various sources of water for both domestic and industrial uses while carrying out the above works relating to the operations of NBPOL – Milne Bay Estates.	Subsisting	-	-
		(iv) Ramu Agri	Permit to: (i) carry out an agriculture project incorporating sugar and oil palm plantation and mills together with intensive and extensive cattle rearing and processing in the Madang and Morobe Provinces; and	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			(ii) carry out activities (as stipulated in the permit) associated with oil palm plantations, palm oil mills, methane capture, sugar processing, cattle grazing, feedlot and abattoirs, and associated roads, housing compounds, power generation, water supply, gravel extraction and waste disposal.			
		(v) Poliamba Limited	Permit to:	Subsisting		-
			(i) carry out an agriculture project incorporating oil palm plantations and mills processing in the New Ireland Province;			
			(ii) carry out activities (as stipulated in the permit) associated with oil palm plantations, palm oil mills, methane capture, and associated roads, housing compounds, power generation, water supply, gravel extraction, waste disposal and bulking and loading port facilities; and			

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			(iii) extract water from various sources of water for both domestic and industrial uses while carrying out the above works relating to the operations of NBPOL – Poliamba.			
CERTIFICATES PERMITTING FOREIGN ENTERPRISE TO CARRY ON BUSINESS						
4.	Investment Promotion Authority	(i) NBPOL	Certificate permitting the company to carry on the following business activities in Kimbe, National Capital District, 621, PNG: (i) agriculture; (ii) livestock production; (iii) growing of oil palm, growing of crops, market gardening, horticulture; (iv) growing of fruits, nuts, beverages and spice crops; (v) farming of cattle; (vi) agriculture and animal husbandry services except veterinary activities; (vii) manufacture of vegetable and animal oils and fats; (viii) wholesale of agriculture raw materials and live animals; (ix) other retail sale in specialised stores; (x) wholesale trade of produce and seeds; (xi) investment holding company;	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			<ul style="list-style-type: none"> (xii) real estate activities with no properties; (xiii) business and management consultancy services relating to agriculture; and/or (xiv) architectural and engineering activities and related technical consultancy. 			
(ii)	Kula Palm Oil Limited		Certificate permitting the company to carry on the following business activities in Oro Bay, Sangara and Kokoda Oro Province and Hagita, Giligili, Waigani, Sagarai, Gehua, Mariawatte and Portion 127, Subdivision 1, Hagita, Milne Bay Province, PNG:	Subsisting	-	-
(i)			growing of oil palm, growing of crops, market gardening, horticulture;			
(ii)			farming of cattle;			
(iii)			agriculture and animal husbandry services except veterinary activities;			
(iv)			manufacture of vegetable and animal oils and fats;			
(v)			production, collection and distribution of electricity;			
(vi)			steam and hot water supply;			
(vii)			collection, purification and distribution of water;			
(viii)			site preparation;			

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			(ix) building of complete constructions or parts thereof; civil engineering, including prefabricated housing construction;			
			(x) building installation;			
			(xi) building completion;			
			(xii) wholesale of machinery equipment and supplies;			
			(xiii) freight transport by road;			
			(xiv) sea and coastal water transport;			
			(xv) storage and warehousing;			
			(xvi) other supporting transport activities - coastal bulking station;			
			(xvii) telecommunications;			
			(xviii) other credit granting;			
			(xix) real estate activities with own or leased property;			
			(xx) technical testing and analysis;			
			(xxi) primary education;			
			(xxii) medical and dental practice activities; and/or			
			(xxiii) sewerage and refuse disposal, sanitation and similar activities.			
	(iii) Ramu Agri		Certificate permitting the company to carry on the following business activities in Portion 11, Milinch Dumpu, Fourmil Madang, Ramu Sugar, Madang Province, PNG:	Subsisting		-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
			(i) growing of oil palm, growing of crops, market gardening, horticulture;			
			(ii) growing of vegetables, horticultural specialties and nursery products; and/or			
			(iii) farming of cattle.			
		(iv) Poliamba Limited	Certificate permitting the company to carry on the following business activities at Poliamba Main Office, Lakurumau Estate, Portion 18, Lot 02, Lossuk, Lakurumau Station, Kavieng Town, Lossuk, Konos and Namatanai Districts, Kavieng, New Ireland Province, PNG:	Subsisting	-	-
			(i) manufacturing of vegetable and animal oils and fats; and/or			
			(ii) growing of cereals and other crops not elsewhere classified.			

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**B4. Solomon Islands**

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
CERTIFICATE PERMITTING FOREIGN ENTERPRISE TO CARRY ON BUSINESS						
1.	Foreign Investment Board	GPPOL	Permit for foreign investor to carry out approved investment activity in the Solomon Islands.	Subsisting	Approval is confined to investment activity approved (palm oil industry).	In compliance
AGRICULTURE AND COMMODITIES EXPORT MARKETING AUTHORITY ("CEMA") LICENCES						
2.	CEMA	GPPOL	Licence to process palm oil in the Solomon Islands.	Subsisting	(i) The production of high quality products must be ensured. (ii) The factory must comply with international standards of safety.	In compliance
3.	CEMA	GPPOL	Licence to process, among others, the following: (i) CPO; (ii) PKO; (iii) palm kernel extract; and (iv) refined palm oil.	Subsisting	The licensee must ensure that the quality meets international standards.	In compliance
4.	CEMA	GPPOL	Licence to export palm oil based products.	Subsisting	(i) The licensee must comply with quality requirements of trade. (ii) An annual fee of SBD50,000.00 must be paid during the life of the palm oil products licence.	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
					(iii) Supply CEMA with a copy of the relevant supply agreement prior to each shipment.	
					(iv) To provide production, processing and export statistics to CEMA on a monthly basis.	
ENVIRONMENTAL LICENCES						
5.	Director of Environment & Conservation Division, Ministry of Environment	GPOL	Permit to carry out the prescribed development activity with conditions to protect the environment.	Subsisting	(i) Conduct routine checks of treatment pond condition. (ii) Conduct monthly sampling of pond discharges for chemical parameters comprising biochemical oxygen demand and pH, and physical parameters including total suspended solids plus oil and grease.	In compliance
					(iii) Conduct monthly sampling of water and 6 monthly checks on borehole quality at own expense.	
					(iv) Analyse samples of water courses and domestic borehole to determine the level of effluent discharges to ensure that water is safe for human consumption, and to reduce undesirable aquatic life.	

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
					(v) Establish buffer zones of 25 metres around boreholes and water courses.	
					(vi) Regularly review and update environmental management systems and plans.	
					(vii) Submit relevant reports and results of analysis to the division on a regular basis.	
LABOUR PERMITS						
6.	Commissioner of Labour, Ministry of Commerce, Immigration and Labour	Foreign workers engaged to work in the Solomon Islands for GPPOL	Work permits to allow foreign workers to enter, reside and work in the Solomon Islands.	Subsisting	(i) Each permit is valid for a period as per application. This depends on the term of the foreign worker's written contract of employment.	In compliance
					(ii) Permit is non-transferable and is only valid for each foreign worker.	
					(iii) Foreign worker must not breach immigration and labour laws.	
					(iv) Permit may be cancelled if the Commissioner of Labour is satisfied that the foreign worker has breached the conditions of the permit, violated local laws or has ceased to be employed by the employer under whom the permit was issued in the first place.	

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

In addition, our operations in the Solomon Islands are also subject to, among others, the following licences and certifications:

- (1) 50-year licence beginning 1 January 2005 under Section 30 of the Electricity Act (Cap. 128) allowing GPPOL to generate and supply its own electricity in its area of operation, pursuant to Clauses 13.9 and 13.10 of the Memorandum of Understanding between NBPOL and the Solomon Islands Government ("**SIG**") dated 28 October 2004 ("**MoU**");
- (2) certificate issued in 2005 under Part III of the Solomon Islands Water Authority Act (Cap. 130) allowing GPPOL to construct additional water mains and sources and maintain the same, pursuant to Clause 13.16 of the MoU;
- (3) licence issued in 2005 under the Petroleum Rules 1939 allowing GPPOL to store petroleum and petroleum products in its plantations, pursuant to Clause 13.18 of the MoU;
- (4) letter of registration of company name with a tax identifier number pursuant to relevant tax legislation by which GPPOL is subject to income tax, Pay As You Earn income tax, stamp duty and withholding tax; and
- (5) various permits issued under the Safety At Work (Pesticides) Regulation 1982 allowing import, use, sale and distribution of such pesticides.

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ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

B5. Liberia						
No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
ENVIRONMENTAL PERMITS						
1.	Environment Protection Agency	SD Plantation (Liberia)	(i) Permit for oil palm cultivation of 5,000 Ha of land; and (ii) Permit for oil palm cultivation of 15,000 Ha of land.	Subsisting	(i) Permit does not cover forest reserves, wildlife reserves or natural heritage area. (ii) The company shall exhibit proof of ownership or community endorsement of acquired land for development prior to commencing planting or development exercise.	In compliance
2.	Environment Protection Agency	SD Plantation (Liberia)	Permit for construction and operation of oil palm processing mill.	Subsisting	(i) The company should incorporate measures to reduce the emission of air pollutant to the atmosphere. (ii) The company shall operate and maintain air pollution control system.	In compliance
OTHER LICENCES, PERMITS AND APPROVALS						
3.	Liberia Revenue Authority	SD Plantation (Liberia)	Tax clearance certificate to prove the payment of tax by the company.	Subsisting	-	-
4.	Liberia Medical and Dental Council	SD Plantation (Liberia)	To authorise the operation of a clinic.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of approval	Status	Main conditions	Status of compliance
5.	Liberia National Fire Service	SD Plantation (Liberia)	Certificate to evidence the passing of inspection of the premises of the company by the Liberia National Fire Service.	Subsisting	-	-

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ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

B6. Netherlands

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
ENVIRONMENTAL PERMITS						
1.	Provincial Executive of South-Holland	SD Unimills	Permit to allow the usage of the site of the company.	Subsisting	The permit contains detailed requirements regarding the installations on and the use of the site of SD Unimills, such as matters concerning emission, protection of the soil, waste disposal, ecological aspects, nuisance, energy saving, safety, storage of dangerous substances, noise and odour emission.	In compliance
2.	Provincial Executive of South-Holland	SD Unimills	Permit to allow changes to the installations on the site of SD Unimills for the production of 200,000 tonnes of biodiesel per year.	Subsisting	-	-
3.	Provincial Executive of South-Holland	SD Unimills	Permit to allow building, using and deviation from the zoning plan in respect of the construction of a new plant for the production of ingredients.	Subsisting	-	-
4.	Provincial Executive of South-Holland	SD Unimills	Permit to operate the biodiesel plant on the site of SD Unimills.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
OTHER LICENCES, PERMITS AND APPROVALS						
5.	Ministry of Transport and Water Management	SD Unimills	Permit to discharge substances into and the withdrawal of water from the Oude Maas River.	Subsisting	<p>The company shall comply with the conditions as stipulated in the water permit.</p> <p>The water permit was amended on 2 December 2013, 16 December 2013, 18 August 2014 and 15 July 2015 by Rijkswaterstaat (Directorate-General for Public Works and Water Management) on behalf of the Minister for Infrastructure and Water Management. The conditions imposed as a result from the said amendments are, among others:</p> <ul style="list-style-type: none"> (i) the company shall investigate the operation of the dephosphorisation unit; (ii) the products from the refinery of the company may not be used in its own production line for the manufacturing of biodiesel; and (iii) the company shall comply with the detailed requirements regarding the disposal of water streams (this includes the water streams from the biodiesel plant). 	In compliance

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**B7. Thailand**

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
1.	Ministry of Industry	Morakot Industries	Licence to operate a factory.	Subsisting	The licence may be revoked at the request of the relevant government agencies, or if the operation of business causes nuisance that cannot be resolved.	In compliance
2.	Thai Food and Drug Administration	Morakot Industries	Licence to import or order food into the Kingdom of Thailand.	Subsisting	-	-
3.	Thai Food and Drug Administration	Morakot Industries	Licence to manufacture food.	Subsisting	-	-
4.	Phrapradaeng Municipality	Morakot Industries	Licence to operate business that is detrimental to health.	Subsisting	-	-
5.	Marine Department	Morakot Industries	Licence (renewal) to dispose of water in the Chao Phraya River.	Subsisting	-	-
6.	Bureau of Underground Water Control	Morakot Industries	Licences to use underground water.	Subsisting	-	-

ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

B8. United Kingdom

No.	Approving authority/issuer	Licensee/Contractor	Description of licence/permit/ approval	Status	Main conditions	Status of compliance
1.	Environment Agency	NBOL	<p>Permit to operate a facility comprising part of an installation at Kirkdale Vegetable Oil Refinery and in particular:</p> <p>(i) treating and processing materials intended for the production of food products from vegetable raw materials at the plant with a finished product production capacity of more than 300 tonnes per day (average value on a quarterly basis);</p> <p>(ii) storage, handling and transfer of crude product and other raw materials;</p> <p>(iii) storage and handling of by-products and wastes generated by the process;</p> <p>(iv) supply of utilities such as electrical power, natural gas and compressed air;</p> <p>(v) operation of boilers for the provision of steam;</p> <p>(vi) effluent treatment process; and</p> <p>(vii) storage and use of refrigeration plant.</p>	Subsisting	-	-