EQUATORIAL PALM OIL PLC

ANNUAL REPORT AND ACCOUNTS

For the year ended 30 September 2018

Registered Number 05555087

CONTENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

CHAIRMAN'S STATEMENT

Introduction

2018 has been a milestone year for the Company, with the recent commissioning of our 30 metric tonnes per hour ("mt/hr") palm oil mill ("POM") at the Palm Bay estate. We continue our engagement with all the communities in and around our concessions as we seek consent for all land development as part of the free, prior and informed consent ("FPIC") process.

On 22 January 2018, Liberia successfully and peacefully elected George Manneh Weah as President of Liberia. There has been a relatively smooth transfer of power and our team on the ground are working with the new government in order to assist and support the development of our oil palm estates in Liberia.

It is now just over 10 years since the Company was granted its concessions in Liberia. Today, EPO remains as committed as it was in 2008 to continue its good work in working with the communities to develop a sustainable oil palm development that will benefit the people of Liberia in order to reduce the abject poverty that is so prevalent in the rural communities.

Liberian Palm Developments Limited ("LPD")

Joint Venture

EPO and Kuala Lumpur Kepong Behard ("KLK") (through its wholly owned subsidiary KL-Kepong International Limited) each currently holds 50 per cent of the issued share capital of LPD and KLK (through its wholly owned subsidiary KL-Kepong International Limited) also holds ordinary shares in EPO representing approximately 62.86 per cent. of the issued share capital of the Company.

Commissioning of the 30mt/hr Palm Oil Mill

The POM at Palm Bay estate has now been commissioned and is producing crude palm oil ("CPO") and palm kernels, which are being stored on site awaiting shipment to customers.

The POM is constructed in a modular fashion, with two lines of 30 metric tonnes per hour ("mt/hr"). As announced on 27 September 2018, the first of these 30 mt/hr lines has now been completed and is in operation following completion of initial test production.

The POM incorporates the latest advancements in mill technology, including a kernel crushing plant ("KCP") and a biogas plant. These are both due for completion in the first half of 2019 and will be the first of their kind in Liberia.

The resulting products from the KCP will be palm kernel oil ("PKO") and palm kernel cake ("PKC"). PKO can be sold for industrial uses in oleochemical applications and PKC is primarily used as a high protein ingredient for animal feedstock. Until such time as the Company has sufficient quantities of PKC for export, it will be used to fuel the boiler in the POM.

The biogas plant as a renewable energy source captures methane emitted from the POM effluent to generate electricity for use in the POM and surrounding office and residential buildings. As a result, the POM is considered to be a highly efficient mill, in that there is minimal waste or residue.

Several experts in the different operational elements of palm oil mills from Kuala Lumpur Kepong Berhad ("KLK") have been sent to Liberia on short term contracts to work as trainers and support our Liberian workforce in the POM. The first 30 mt/hr line of the POM is expected to process initially between 2,000mt and 2,500mt of fresh fruit bunches per month, however we expect this to increase in the coming months as more workers complete training and generate practical experience in using the mill and harvesting the fresh fruit bunches.

Bulking Station and Export Facility

Construction work has begun at the bulking station and export facility at the port of Buchanan, where EPO has leased approximately 4.5 acres of land that is in close proximity to the wharf from which vessels will load EPO's oil palm produce for onward shipment to its customers. Palm Bay estate is located 24km from the port of Buchanan.

Initial land development work has completed and construction work on a 3,000 mt storage tank facility is in progress with completion due to take place by end of March 2019in line with proposed first shipments to customers. Also planned at this site is an office complex and storage facility.

Shipment of oil palm products at this facility is not expected to take place until the end of March 2019, when sufficient quantities of CPO will be available for onward shipment via parcel tankers. The early volumes of CPO will be shipped to customers using flexibags. Flexibags sit inside shipping containers, each holding approximately 20 mt of CPO, and will be shipped out of the main port in Monrovia on conventional cargo ships.

Palm Bay and Butaw Estates

Work has been ongoing at both Palm Bay and Butaw estates to tend to the already 7,900 ha planted since 2011.

At the Palm Bay estate, we have 6,470 ha planted of which 3,126 ha are now mature and the fresh fruit bunches ("FFB") are being processed in the POM. Management are building up the expertise of the workforce especially in harvesting. FFB produced in the first month of the POM was 2,000 MT which was within expectations. As the harvesters get more experience and as we are coming to the end of the wet season we expect this FFB production to increase to 2,500 MT of FFB per month.

At the Butaw estate, of the 1,418 ha planted only 682 ha are mature. As there is no mill to process the FFB at the Butaw estate, the FFB is being sold to another developer. Recent studies and assessments continue in order for LPD to understand the total available for land development.

Funding

EPO announced on 12 October 2017 that LPD had entered into a loan agreement for a facility of US$30m with KLK Agro Plantations Pte Ltd ("KLK Agro"), a wholly owned subsidiary of KLK, to fund the operations and capital requirements of LPD (the "Loan").

The Loan will be used to continue with the next phase of growth of LPD and also to fund the construction of the first 30mt/hr line of the POM which has now been commissioned on Palm Bay estate.

The key terms of the loan are as follows:

- Amount - up to $30.0m which is unsecured
- Term - 5 years from the date of the Loan Agreement, being 11 October 2017
- Interest - 3-months USD LIBOR + 5 per cent per annum
- Repayment - Loan principal (together with all accrued Interest due) on expiry of the Term

The Loan is in addition to, and on predominantly the same terms as, the loans of US$20.5m and US$30.0m provided by KLK Agro, announced on 27 January 2015 and 5 September 2016 respectively (the "Existing Loans"), save for the date of maturity being 11 October 2022. The Existing Loans, which have now been fully drawn down and remain outstanding, fall due on 25 January 2020.

EPO and LPD entered into a Loan Agreement for US$2m announced on 7 November 2013 ("EPO Loan"). The maturity date for the EPO Loan, for which US$2,938,656 including accrued interest is outstanding has been extended from 7 November 2018 to 6 November 2023 (the "Loan Extension") as announced by the Company on 5 November 2018.

The key terms of the loan are as follows:

- Term – additional 5 years expiring on 6 November 2023
- Interest - USD LIBOR + 4 per cent per annum or 8 per cent per annum, whichever is the higher
- Repayment - Loan principal (together with all accrued Interest due) on expiry of the Term

The total liabilities owed by LPD to EPO as at 1 November 2018 amount to US$6,192,676.04.

Human Rights

On 7 November 2017, the Company announced the release of the Executive Summary of a Human Rights Impact Assessment ("HRIA"). The HRIA was performed by leading human rights consultant Ms Anna Triponel who visited our estates in Liberia so that EPO can understand where our human rights risks lie so that we can better address them.

http://www.epoil.co.uk/wp-content/uploads/2017/12/humanrightsimpactassessment-executivesummary2017.pdf

Through this process, EPO identified the salient human rights issues on which it should focus as a priority in seeking to ensure that human rights are respected throughout its operations.

Once the HRIA was completed, EPO set about creating an action plan to act on its recommendations. A meeting of senior management was held in EPO's Buchanan office in March 2018, at which it was agreed to establish measurable, time bound commitments for detailed reviews of and/or action in the areas listed in the HRIA.

As updated to the market on 17 August 2018, EPO set out the on-going steps taken to address its salient human rights issues as follows:

- Contractor wages and employment status: EPO has established new criteria based on productivity to evaluate when a contract worker can be converted to an employee. This is aimed at increasing the Company's employee to contract worker ratio and will result in the reduced dependency of contract workers. For those who remain contract workers, efforts have been made to ensure that they are appropriately paid for the work provided. For instance, guidelines have been created which demonstrate the necessary pay on the part of EPO for specific tasks to ensure a certain wage level is met. At a minimum, contractors are asked to ensure that they pay their workers the amount contained in the Decent Work Act (Liberia) and this is being monitored on a monthly basis by EPO to ensure its head contractors pay to its contractors the appropriate amount. The Company also conducts meetings every three months between management and contractors to discuss any comments, concerns or issues contractors may have.

- Accidents in the estates due to holes: EPO has strengthened its procedures when it comes to the terrain of the estate, including levelling the harvesters' path, which is where workers walk to perform their duties when in the field. The Company has strengthened how patients injured on site and treated in clinics are recorded and monitored, and how that information is passed on to the Company.

- Accidents in the estates due to chemical usage: EPO has strengthened its procedures to ensure that workers are aware of why the Personal Protective Equipment ("PPE") is so critical to their health and to compel their wearing of it. A checklist has been created which enables supervisors to monitor the use of adequate PPE by both employees and contractors depending on the task at hand, and conditions their payment on the proper usage of PPE. A chemical health risk assessment is planned to be conducted in 2019 upon the building of a new facility for housing chemicals.

- Impact of use of land on communities: The team responsible for community relations has been provided additional support to enable them to maintain and build new community relationships. A new committee has been created, called the Joint Monitoring Committee, which brings together community representatives and EPO, as well as governmental stakeholders, to discuss the implementation of free, prior and informed consent ("FPIC"). This process includes site visits at various sites as well as the opportunity for community members to raise concerns with the implementation of FPIC. Consequently, community members have asked for increased data to be provided to them and longer periods of time in which to conduct monitoring exercises in the future - both of which EPO has agreed to.

Finally, a clear flowchart of the Company's standard operating procedures related to FPIC has now been published and is available to all interested stakeholders.

- Employee housing conditions: EPO is currently discussing plans to provide additional electrified housing with the relevant trade union, and a new generator has been approved. Housing allowances continue to be provided for non-electrified and shared housing.
- Exercising the right to freedom of association: All meetings between the union and EPO management are now documented, which helps to ensure that issues raised are addressed on a timely basis. These meetings now occur every 6 months. The Company is in the process of negotiating the renewal of the collective bargaining agreements with trade unions.
- Transportation accidents: EPO's transportation policy is being finalised, which seeks to prevent accidents through a range of measures, including by limiting the Company's use of night driving. The Company has provided training (including outsourced training) for tractor operators and intends to display copies of both the transportation policy and emergency response plan in all vehicles, including tractors, once the policy is finalised.
- Child labour: If a child is not at school, this is immediately notified to management to avoid children being utilised in the fields by parents. The new checklist for supervisors includes ensuring that workers are not bringing their children to the fields, whether they are employees or contractors.
- Transportation of pregnant women: Women who are pregnant are now provided light duty work around the office and camps. This ensures that they do not need to take Company transportation and fulfil tasks that are less physical in nature. A list of pregnant women is now sent systematically by the clinic to management to enable this to take place. A Gender Committee has been set up by women workers that meets every 3 months to discuss measures to further enhance their rights while working for the Company.

The Company is committed to the ongoing human rights due diligence process and will continually monitor and evaluate processes and procedures to ensure that it respects human rights throughout its operations. In this regard, the Company will next update stakeholders on its progress in this very important area of our business in 2019.

Corporate Social Responsibility (“CSR”) and Sustainability

On 26 June 2018 the Company released its Sustainability Report 2017 which describes the Company’s ongoing community work in Liberia, illustrating its corporate social responsibility (“CSR”) policies. The report also reviews projects to date and details how the Company commissioned and reported on an independent HRIA.

The Sustainability Report 2017 can be found at the link below:

http://www.epoil.co.uk/wp-content/uploads/2018/06/Sustainability-Report-2017.pdf

The Sustainability Report 2017 also outlines EPO’s long-term policies on sustainability, the place of sustainable palm oil in Liberia, EPO’s commitment to ‘no-deforestation’, land use commitments and buffer zones.

Key highlights:

- Disclosure of EPO’s taxation and financial contributions in Liberia
- Employment statistics in relation to gender and remuneration
- Case studies: Building Liberian careers
- EPO’s commitment to the Roundtable on Sustainable Palm Oil (RSPO), including the key principle of FPIC from communities as essential for land development

- EPO's new palm oil mill, on the Palm Bay estate, and its context within EPO's sustainable palm oil operations
- EPO and the World Bank Smallholder Tree Crop Revitalization Support Project
- Protocols and procedures relating to safety and workplace operations
- Data detailing all EPO's CSR initiatives for an illustrative time period.

The Sustainability Report not only highlighted all the benefits of the work that EPO is doing in Liberia for its host communities but also noted areas where we can add more value which we are actively progressing.

EPO has a long-term commitment to Liberia and its people, and such reports will be produced on an annual basis as a record of our commitment to continuous CSR activities.

EPO is committed to ensuring economic and social benefits in Liberia for the local people and communities in which we operate and respecting their right to give consent to proposed developments or conservation through the FPIC process.

RSPO

EPO has consistently adopted best practices and procedures to ensure that the CPO produced from our estates will meet with international sustainability standards, thereby enabling our CPO to be labelled "sustainable" palm oil.

EPOs membership of the RSPO is retained through KLK's membership. KLK has been a member of the RSPO since 2004.

Personnel

Our staff members based in Liberia continue to do an outstanding job in a very challenging environment. Our team in Liberia is ably led by Mr Sashi Nambiar who, as Country Manager, leads a very experienced and capable Senior Management team.

In addition, I would like to thank our KLK colleagues for the outstanding assistance we received in the commissioning of the new mill at Palm Bay estate. Our colleagues were ably assisted by our oil palm mill contractor, Ecoscience Manufacturing and Engineering Sdn Bhd which is now assisting in the construction of the Bulking Station and Export Facility at the port of Buchanan.

I would like to take this opportunity to thank all our staff and contractors for their continued dedication in supporting the Company's efforts to further the growth of the business.

Financial Review

The loss of the Group for the year ended 30 September 2018 of US$4,334,000 (year ended 30 September 2017: US$2,982,000). The majority of the loss comprised the Company's share of the loss in associate LPD of $4,357,000, which was still in development stage during the year. It is anticipated that LPD will record first sales from its oil palm products of during the 2019 financial year.

Cash held by the Group as at 30 September 2018 was US$138,000 (30 September 2017: US$182,000).

Outlook

It was heartening to witness the relatively smooth transfer of power for the election of a new government and for George Manneh Weah as the President of Liberia. It is very important that these elections were conducted in the right manner both for the people of Liberia and for foreign investors and those looking to invest in Liberia.

As a reminder to us all and in one of the President's first foreign visits in February 2018 he stated in Paris that: "large scale agriculture provides food security, alleviates poverty, provides employment, contributes to GDP and strengthens trade balances."

EPO is clearly demonstrating the significant social and economic benefits that agricultural development can bring to a country like Liberia, and we are proud to play our part in this process.

With this in mind we are delighted to have commissioned the palm oil mill at Palm Bay estate. This is a significant milestone for the Company and is very much part of the long-term commitments we have made to both Liberia and its people.

I would like to thank KLK and all of our shareholders for their continued support and I look forward to updating you on our progress in the year ahead, in order to create value for all stakeholders.

Michael Frayne

CHAIRMAN

12 November 2018

STRATEGIC REPORT

Performance and Outlook

The development, performance, financial position and outlook of the Company are discussed in detail in the Chairman's Statement on pages 3 to 7.

Key Performance Indicators and Milestones

The key performance indicators and milestones for Equatorial Palm Oil plc and its subsidiaries (the "Group") for the reported period include:

- Commissioning of 30mt/hr palm oil mill
- Commencement of construction at the Bulking Station at the port of Buchanan
- Additional US$30m funding commitment for LPD from KLK Agro
- Completion of Sustainability Report 2017
- Human Rights Impact Assessment action plan

Business Risks and Uncertainties

Going concern and financial risks are discussed in Note 1 and Note 8 respectively. Going concern is also set out in the Directors' Report on page 10.

The Group has identified certain other risks pertinent to its business, which also apply to its joint venture, including:

Ebola Virus Disease

All of LPDs operational activities are located in Liberia and the Group is therefore exposed to health & safety risks associated with the Ebola outbreak in West Africa. There was an outbreak that was largely brought under control toward the end of 2015 with some additional cases of the virus reported in April 2016. On 9 June 2016, Liberia was declared Ebola-free.

The Company is a member of the Ebola Private Sector Mobilisation Group ("EPSMG") which comprises over 70 companies and 40 public bodies/NGOs with operations in or near Ebola countries. Like the Company, these companies have made long term commitments to these countries and their people and intend to honour these commitments.

Agricultural risk

As with any agricultural operation, there are risks that crops may be affected by pests, diseases and weather conditions. Agricultural best practice, if achieved, can to some extent mitigate the risk of outbreaks of pests and diseases but such risks cannot be entirely removed. The only significant disease in West Africa for oil palms is fusarium wilt. All seeds sourced by LPD have resistance to fusarium wilt. Unusually high levels of rainfall for the relevant plantation area can disrupt estate operations and access to the estates. There is the possibility of adverse climatic conditions including lightning strikes, lack of rainfall, excessive rainfall and insufficient sunshine. Unusually low levels of rainfall that lead to water availability falling below the minimum required for the normal development of the oil palms may lead to a reduction in subsequent crop levels. Such reduction is likely to be broadly proportional to the size of the cumulative water deficit.

Whilst rainfall on our estates are estimated at above 3,000 millimetres per annum, which is well above the level of 2,000 millimetres per annum that is considered to be the minimum for growth of a palm oil plantation, there can be material variations from the norm in any individual year.

Commodity and Crude Palm Oil ("CPO") prices

The Group's earnings will be largely dependent on the prices of the commodities which it will sell. These fluctuate due to factors beyond the Group's control, including world supply and demand. The price of vegetable oils depends on the production levels of all edible oils as many oils, including palm oil, are substitutable by users to various degrees. In particular, the price of CPO is volatile and is influenced by factors beyond the Group's control. These factors include global supply and demand of CPO, petroleum oil prices, exchange rates, interest rates, inflation rates and political events. A significant prolonged decline in CPO prices could impact the viability of some or all of the Group's activities. Additionally, production from geographically isolated countries may be sold at a discount to current market prices. To offset price risk, LPD may, from time to time, enter into hedging contracts in respect of its future CPO production.

Management attempts to mitigate the risk by modelling the sensitivity of the Group's earnings to fluctuations in the CPO price and ensuring the business model remains viable.

Production risks

A slowdown in collection or processing of FFB crops including where FFB crops become rotten or over-ripe leading either to a loss of CPO production (and hence revenue) or to the production of CPO that has an above average free fatty acid content and is saleable only at a discount to normal market prices. The Group has trained up over 300 harvesters and is using trainers from south-east Asia to ensure that suitable FFB crops is delivered to the mill for processing.

Environmental, social and governance

Failure by the agricultural operations to meet the standards expected of which include the new planting procedures, studies and assessments including Free, Prior and Informed Consent, High Conservation Value and High Carbon Stock Approach. This may lead to reputational and financial damage. The Group has established standard practices designed to ensure that it meets its obligations, monitors performance against those practices and investigates thoroughly and acts to prevent recurrence in respect of any failures identified.

Economic and political risks

All of LPDs operational activities are located in Liberia and LPD is therefore dependent on the political and economic situation in Liberia. Whilst LPD intends to make every effort to ensure it has and continues to have robust commercial agreements covering its activities, there is a risk that LPD's activities and financial performance are adversely impacted by economic and political factors such as exchange rates, interest rates, inflation rates, the imposition of additional taxes and charges, cancellation or suspension of licences or agreements, expropriation, war, terrorism, insurrection, claims, strikes and lock outs, and changes to laws governing the Group's. There is also the possibility that the terms of any agreement or permit in which the Group holds an interest may be changed.

Management attempts to mitigate the risk by maintaining good relations with the Liberian government.

George Manneh Weah was elected as President of Liberia in January 2018 for a 5-year term.

Relationship with KLK

The Group has a joint venture agreement with KLK Agro which provides for KLK to manage LPD. There is a risk of a dispute under the joint venture agreement.

Management attempts to mitigate the risk by maintaining good relations with KLK through regular monthly meetings and regular visits to Liberia to meet management and review progress. The Company's interests are also aligned with KLK's representation on the Board of EPO.

This report was approved by order of the board on 12 November 2018.

Michael Frayne

Chairman

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Equatorial Palm Oil plc and its subsidiaries (the "Group") for the year ended 30 September 2018.

Principal Activities

The principal activity of the Group is the cultivation of oil palms for the production of crude palm oil and associated products in Liberia.

Results and Dividends

The loss of the Group after taxation for the 12 months ended 30 September 2018 amounted to US$4,334,000 (12 months ended 30 September 2017: Loss of $2,982,000).

The Directors do not propose the payment of a dividend (2017: nil).

Directors

The Directors who served during the year ended 30 September 2018 are as follows:

- Michael Frayne
- Geoffrey Brown
- Lee Oi Hian
- Teh Sar Moh Nee
- Yap Miow Kien
- Lee Guo Zhang

Insurance

The Group maintained insurance in respect of its Directors and Officers against liabilities in relation to the Group.

Financial Instruments

Financial instrument risks are discussed in Note 8.

Events after the Reporting Period

Significant events after the reporting period, being 30 September 2018, but before the approval of these financial statements, are set out in Note 19.

Going Concern

The financial statements have been prepared on a going concern basis.

Based upon the Company's current cash balance and forecast income and expenditure, the Directors consider that the Company will have sufficient cash to fund the Company's ongoing commitments for a period of at least a year after the approval of these financial statements.

Based upon the current financial position of LPD, which held US$1,078,000 (2017: 302,000) in cash as at 30 September 2018 and, has available funds to draw down in the amount of US$9m pursuant to the Loan Agreement as at year end, the Directors are satisfied that LPD is able to fund its activities for a period of at least 12 months from the date of the approval of these financial statements. There are loan amounts due from LPD to KLK, the earliest of which is due in January 2020, as disclosed in note 17. KLK have provided a letter of support to LPD, which states that KLK will provide further funding as necessary in order for LPD to continue its normal operations.

Employment Policies and Remuneration

The Group is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure ongoing success for the business. Employees and those who seek to work with the Group are treated equally regardless of sex, marital status, creed, age, colour, race or ethnic origin.

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue.

Details of Directors' emoluments and payments made for professional services rendered are set out in Note 4 to the financial statements.

Health & Safety

The Group's aim is to maintain its record of workplace safety. In order to achieve this objective, the Group provides training and support to employees and sets demanding standards for workplace safety.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. BDO has signified its willingness to continue in office as auditor.

Corporate Governance

The Directors are committed to maintaining high standards of corporate governance. The Directors have established procedures, so far as is practicable given the Company's size, to comply with the QCA Corporate Governance Code (the "QCA Code"). The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as EPO, have been created. The specific areas of the QCA Code with which the Company does not apply are set out below, and the Company will provide annual updates on its compliance with the QCA Code in its Annual Report.

The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code, which is appended to the Listing Rules of the UKLA.

The Board

The Board holds regular meetings and is responsible for formulating, reviewing and approving EPO's strategy, budgets and corporate actions and overseeing the Company's progress towards its goals. To enable the Board to perform its duties, each of the Directors has full access to all relevant information and to the services of the Company Secretary. If necessary, the Non-Executive Directors may take independent professional advice at the Company's expense. The Board currently includes five Non-Executive Directors. Full biographies for each Director are as follows:

Mr Michael Frayne

Non-Executive Chairman

Michael Frayne has a Bachelor of Commerce Degree majoring in accounting and finance, a Bachelor of Science Degree majoring in Geology and a Postgraduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a Chartered Accountant and a member of the Australian Institute of Mining and Metallurgy. Mr Frayne was previously employed at major international accounting firm, Ernst & Young, and consulted to a number of resource and commodity companies. He then worked directly in the resource industry including Great Central Mines Ltd (now part of Newmont Ltd). He then joined the corporate team of Minara Resources Ltd (formerly Anaconda Nickel Ltd), the majority owner of the Murrin Murrin Nickel Cobalt Project in Western Australia whose major investors were Anglo American Group and Glencore International. Since 2002, Michael has provided corporate management and advice to the resource, commodity and energy sectors, successfully listing several companies with projects in Australia, Southern Africa, Asia, North and South America, onto AIM and the Australian Stock Exchange. Michael also founded and was the joint managing director of Asia Energy plc. Michael is one of the founders of the Company.

Mr Geoffrey Brown

Executive Director

Geoffrey Brown has over 55 years' experience in the plantation sector. He joined Harrisons & Crosfield plc in Malaysia in 1962 where he was employed on various estates growing oil palm and rubber. He moved to Indonesia in 1976 and was made responsible for Harrisons & Crosfield's interests in that country. He was appointed Executive Chairman of London Sumatra Indonesia in 1982 and remained Managing Director of this large Indonesian plantation company until 1998. In 1990, he was appointed an Executive Director of Harrisons & Crosfield Plc, responsible for the plantation division. Harrisons & Crosfield Plc owned and managed plantations of rubber, oil palms, cocoa, coffee and tea in Indonesia, and oil palm and coffee in Papua New Guinea. He remained an Executive Director of Harrisons & Crosfield Plc until the company divested itself of its plantation interests in 1994. In 1999 and 2000, he co-ordinated the expansion of oil palm plantations belonging to the Musim Mas Group in Indonesia and then became a consultant specialising in plantation management. In 2006 he joined the EPO group of companies and has been an Executive Director of Equatorial Palm Oil plc since the company was listed on the AIM market of the London Stock Exchange in in 2010.

Mr Lee Oi Hian

Non-Executive Director

Mr Lee Oi Hian has been the Chief Executive Officer of KLK since 2001. He joined the Company in 1974 as an executive and was appointed to the Board of KLK in 1985. In 1988, he was appointed as Managing Director and became Chairman of KLK Group in 1993. He subsequently held the post of joint Chairman and Chief Executive Officer until 2008, when he relinquished his role as Chairman, remaining as Chief Executive Officer of the Group. He has served in various positions in the plantations industry, including the Malaysian Palm Oil Council, the Malaysian Palm Oil Board and the Malaysian Cocoa Board. He is also currently the Chairman of Batu Kawan Berhad, and a trustee of several charitable organisations. Mr Lee Oi Hian is also an Honorary Fellow of the Malaysian Oil Scientists' and Technologies' Association (MOSTA) and Honorary Fellow of the Incorporated Society of Planters (FISP).

Mr Teh Sar Moh Nee

Non-Executive Director

Mr Teh Sar Moh Nee started his planting career in 1976 in Sime Darby Plantation Berhad before joining the KLK Group in 1984. He serves as Regional Director (Peninsular Malaysia) of the KLK Group and has also held the position of Chief Executive Officer at Ladang Perbadanan-Fima Berhad since May 2008. He is a Council Member and 2nd Deputy President of the Malaysian Agricultural Producers Association ("MAPA") and also sits on MAPA's Finance/Executive Committee and Negotiating Committee. Mr Teh Sar Moh Nee attended the Senior Management Programme at Harvard Business School and Senior Executive Programme at Stanford University Business School.

Ms Yap Miow Kien

Non-Executive Director

Ms Yap Miow Kien joined KLK in 2002 and is currently its Company Secretary and Senior General Manager (Legal and Secretariat). Prior to joining KLK, Ms Yap was a partner in a law firm. She is an Associate of the Malaysian Institute of Chartered Secretaries and Administrators. She was called to the bar at Middle Temple and completed a Bachelor of Law (Hons) at the University of Leeds.

Mr Lee Guo Zhang

Non-Executive Director

Mr Lee Guo Zhang graduated with a bachelor's degree in Medicinal & Biological Chemistry from the University of Nottingham in 2009. He joined KLK in 2010 as an executive and has experience across various departments in the Company. He is currently a Senior Manager in the Plantations Division.

The Group's day-to-day operations are managed by the Executive Director. All Directors have access to the Company Secretary and any Director needing independent professional advice in the furtherance of his/her duties may obtain this advice at the expense of the Group.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively, and that all Directors have adequate time to fill their roles.

The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the Group. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance. The Chairman is considered to be an independent Non-Executive in terms of the QCA guidelines and has adequate separation from the day-to-day running of the Group.

The Board has delegated specific responsibilities to the committees, with clearly defined terms of reference which are set out by the Board, as described below.

The Audit Committee

The Company has established an Audit Committee, which comprises three Directors, Mr Lee Oi Hian, Ms Yap Miow Kien, and is chaired by Mr Michael Frayne. The Audit Committee meets at least twice each year and at any other time when it is appropriate to consider and discuss audit and accounting related issues. The Audit Committee is responsible for monitoring the quality of internal controls and for ensuring that the financial performance of the Company is properly monitored, controlled and reported on. It reviews a wide range of matters, including half-year and annual results before their submission to the Board. It also meets the Company's auditors without the executive Board members present and reviews reports from the auditors relating to accounts and internal control systems.

The Remuneration Committee

The Company has established a Remuneration Committee, which comprises three Directors, Mr Michael Frayne, Ms Yap Miow Kien, and is chaired by Mr Lee Oi Hian. The Remuneration Committee reviews the performance of the Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. Further, when formulating the scale and structure of remuneration, the Remuneration Committee takes account of a number of different factors including market practise and external market data of the level of remuneration offered to Directors of similar type and seniority in other companies whose activities and size are similar. In determining the remuneration of Executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options, bonus schemes, pension rights and compensation payments. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

The Nominations Committee

The Company has established a Nominations Committee, which comprises three Directors, Mr Michael Frayne, Ms Yap Miow Kien, and is chaired by Mr Lee Oi Hian. This committee reviews the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and makes recommendations to the Board with regard to any changes. In addition, it gives full consideration to succession planning for Directors and other senior executives, and is responsible for identifying, evaluating and nominating Board candidates. It also reviews annually the time required from Non-Executive Directors.

Application of the QCA Code

In the spirit of the QCA Code, it is the Board's job to ensure that the Group is managed for the long-term benefit of all shareholders and other stakeholders with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to the Group. The Board will continue to monitor the governance framework of the Group as it grows.

The Company remains committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The AGM is a forum for shareholders to engage in dialogue with the Board. The results of the AGM will be published via RNS and on the Company's website. In addition, the Board organises update meetings with both the shareholders and the Company's broker. Progress reports are also made via RNS and the point of contact is Geoffrey Brown, Executive Director – enquires@epoil.co.uk.

EPO maintains close relationships with all its stakeholders. EPO is continually seeking consent and feedback from the communities in which it operates. Furthermore, the Company is committed to the ongoing human rights due diligence process and will continually monitor and evaluate processes and procedures it operates to ensure that it respects human rights throughout its operations.

EPO's senior management maintains a close dialogue with local communities and its workforce. Where issues are raised, the Board takes the matters seriously and, where appropriate, steps are taken to ensure that these are integrated into the Company's strategy.

Particular attention is given to the way in which EPO goes about its operations. Sustainability is a key facet of EPO's operations and EPO produces a separate Sustainability Report each year to describe EPO's long-term policies on sustainability, the place of sustainable palm oil in Liberia and EPO's commitment to 'no-deforestation',

Both the engagement with local communities and the performance of all activities in an environmentally and socially responsible way are closely monitored by the Board and ensure that ethical values and behaviours are recognised.

The Directors are responsible for EPO's system of internal controls and reviewing its effectiveness. Although, no system of internal control can completely eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss, the Company's controls are designed to provide reasonable assurance over the reliability of financial information and EPO's assets.

Departure from the QCA Code:

In accordance with the AIM Rules for Companies, EPO departs from the QCA Code in the following ways:

Principle 5 – "Maintain the board as a well-functioning, balanced team led by the chair"

The QCA Code recommends that the Board has two independent Non-Executive Directors. Michael Frayne is the only independent non-executive director of the Company. The Board operates to foster an attitude of independence of character and judgement. An example of this is where there is a related party transaction – such as a loan from a company related to KL-Kepong International Limited, the Company's JV partner and a subsidiary of Kuala Lumpur Kepong Berhad ("KLK"), to Liberian Palm Developments Limited (JV company). In this instance a detailed Working Paper is drawn up for the Non-Related Directors to ensure that the loan is fair and reasonable in all respects. Both the Company's lawyers and the Nomad are also consulted as part of the Non-Related Directors' deliberations.

The QCA Code recommends the Remuneration Committee should be comprised of independent directors. The Company's Remuneration Committee is currently made up of one independent director and two directors from KLK. Given the size and nature of EPO, the Company believes it has the necessary expertise on the Remuneration Committee.

Principle 7 – "Evaluate board performance based on clear and relevant objectives, seeking continuous improvement"

EPO's Board is small and extremely focussed on implementing the Company's strategy. However, given the size and nature of EPO, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code. The Board will closely monitor the need for formal performance evaluation, in light of Principle 7 of the QCA Code, as the Company develops.

Control Procedures

The Board has approved financial budgets and cash forecasts. In addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

Provision of information to auditors

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken appropriate steps to ensure that they are aware of such relevant information, and that the Company's auditors are aware of that information.

Annual General Meeting

This report and financial statements will be presented to shareholders for their approval at an Annual General Meeting ("AGM"). The Notice of the AGM will be distributed to shareholders together with the Annual Report.

By order of the Board

Michael Frayne

Chairman

12 November 2018

Independent auditor's report to the members of Equatorial Palm Oil Plc

Opinion

We have audited the financial statements of Equatorial Palm Oil Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2018 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group and Company Statement of Cash Flows, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Our Response
Impairment risk of investment in and loan to associate As shown in the Group Statement of Financial Position and Notes 9 and 11 to the Financial Statements, the Group has an investment of $15.1m in an associate, LPD, and a further loan balance receivable from the associate of $6.8m as at 30 September 2018. These represent the main assets of the Group. The carrying value of LPD assets have a direct impact the investment value held in EPO Plc. There is a significant risk that the investment or the loan balance may be impaired with the consequential need for write down in the Group's financial statements. Assessment of the need for impairment is a matter requiring significant management judgement and estimates, and accordingly is considered to be a key audit matter. No impairment has been recognised in the year ended 30 September 2018.	In considering the adequacy of management's assessment of impairment risk, we sought to identify whether there were any additional potential indicators of impairment through our physical inspection of the palm bay plantation and palm oil mill, review of operational performance and financial results as well as forecast cash flow models for the two cash generating units (CGU's) in LPD, namely Palm Bay and Butaw estates. We reviewed and assessed the appropriateness of Management's underlying model and identified areas of significant judgement. We then considered whether any of these inputs and significant assumptions affected the model to such a point we would consider them to be indicators of impairment. Our review involved making direct enquiries of plantation management in Liberia and corroborating Management's impairment assessment, including the cash-flow forecasts and management assumptions, to supporting evidence such as industry data and historic information. We also considered the associate's ability to continue as a going concern and its need for future financing as described below in the forecast cash flows for the two CGU's.

Our findings:

Based on the results of our testing, we did not identify any further indicators of impairment.

Matter	Our Response
Going concern As disclosed under note 1, the financial statements have been prepared on a going concern basis. The company's operations are currently funded by cash received from management fee and interest payments made by the associate, LPD LPD is entering its production phase and management has prepared cash flow forecasts that include future revenue and production costs. These projections include significant management judgement and estimates, and accordingly this area is considered to be a key audit matter.	We critically assessed management's financial forecast models, over a forecast period of 12 months from the approval of the financial statements, and the key underlying estimates and judgements. In doing so, we considered factors such as historic and empirical performance. Where relevant we agreed details to underlying documentation. We reviewed management's sensitivity analysis performed in respect of key assumptions underpinning the forecasts. We performed our own sensitivities in respect of areas requiring significant judgement. We reviewed the terms of the loan agreements between KLK and LPD, as disclosed in note 17. We have seen the loan facility between KLK and LPD and confirmed that there are funds available for LPD to drawdown upon in the next financial year. We reviewed the letter of support provided by KLK which, as stated in the directors' report, states that KLK will provide further funding as necessary in order for LPD to continue its normal operations. Management's assessment of KLK's ability to provide continued support is corroborated by reference to publically available financial statements and existing loan agreements with LPD.
Our findings: We found the disclosures included in the Financial Statements in respect of going concern to be appropriate.	

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

	Group materiality	Basis for materiality
FY 2018	USD 1,600,000	Materiality based on 1.2% of LPD Group assets.
FY 2017	USD 550,000	Materiality based on 2% of EPO Plc Group assets.

Equatorial Palm Oil Plc is an investment company which holds a 50% joint venture interest in Liberian Palm Development Limited (LPD). LPD has been developing palm plantations and constructing a new mill to process the fresh fruit bunches harvested from the oil palm trees into Crude Palm Oil (CPO) and Palm Kernel. In the current year ended 30 September 2018, LPD reached its final phase of development and will move into production in the next financial year. It is considered therefore that the value of the Group lies in its investment in the LPD group. Based on this we consider the total assets of LPD to be the driver of the materiality for EPO plc as this reflects the basis on which the Group will be able to generate future profits.

Whilst materiality for the Financial Statements as a whole was US$1.6 million (FY 2017: US$ 0.55 million), each significant component of the Group was audited to a lower materiality as detailed in the Overview section.

Materiality in respect of the audit of the parent Company was set at USD$1.1 million using a benchmark of 70% of Group materiality (2017: USD 0.5 million using 2% of the total assets of the Company).

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Group was set at USD1.2 million (2017: USD 0.4 million). Performance materiality for the parent Company was set at USD 0.8 million (2017: USD 0.38 million).

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of USD 80,000 (2017: USD 27,500). We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds

An overview of the scope of our audit

Whilst Equatorial Palm Oil plc is an AIM listed company, the Group's has a significant investment in a Liberian joint venture. We assessed there to be 4 significant components being Equatorial Palm Oil Plc, Liberian palm Development Limited, LIBINC Oil Palm Inc and Liberia Forest Products Inc.

Full scope audits were performed on the 4 significant components by BDO UK LLP which included a visit to Liberia to perform the required audit procedures. The Group audit team performed an audit of Equatorial Palm Oil Plc as a standalone entity, along with the audit of the significant components, and the consolidation.

The remaining 5 components of the Group were considered non-significant and such components were subject to analytical review procedures together with substantive testing on Group audit risk areas applicable to that component, carried out by BDO UK LLP.

BDO audited all significant and non-significant components to USD 1.1 million materiality.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained in greater detail in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott McNaughton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

12 November 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Year ended 30 September 2018 $'000**	**Year ended 30 September 2017 $'000**
Revenue	12	176	167
Administrative expenses		(721)	(739)
Operating loss	2	(545)	(572)
Interest income	11	535	519
Other income	12	33	46
Share of loss of associate	9	(4,357)	(2,975)
Loss for the year before and after taxation attributable to owners of the Company	3	(4,334)	(2,982)
Other comprehensive income			
Exchange (losses) / gains arising on translation of foreign operations		(4)	6
Total comprehensive loss for the year attributable to owners of the Company		**(4,338)**	(2,976)
Loss per share expressed in cents per share			
- Basic & diluted	7	(1.2) cents	(0.8) cents

The notes on pages 30 to 44 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
Registered Number 05555087

	Notes	As at 30 September 2018 $'000	As at 30 September 2017 $'000
ASSETS			
Non-current assets			
Investment in associate	9	15,090	19,447
Property, plant and equipment		3	2
Receivables from associate	11	6,789	6,736
		21,882	26,185
Current assets			
Trade and other receivables	13	22	22
Cash & cash equivalents	16	138	182
		160	204
LIABILITIES			
Current liabilities			
Trade and other payables	14	53	62
		53	62
Net current assets		107	142
NET ASSETS		21,989	26,327
SHAREHOLDERS' EQUITY			
Share capital	15	5,598	5,598
Share premium		46,791	46,791
Foreign exchange reserve		518	522
Retained loss		(30,918)	(26,584)
Total equity		21,989	26,327

The financial statements were approved by the Board of Directors on 12 November 2018 and were signed on its behalf by:

Michael Frayne

Chairman

The notes on pages 30 to 44 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
Registered Number 05555087

	Notes	As at 30 September 2018 $'000	As at 30 September 2017 $'000
ASSETS			
Non-current assets			
Investment in subsidiaries	9	15,842	20,199
Property Plant and Equipment		3	2
Receivables from associate	11	6,789	6,736
		22,634	26,937
Current assets			
Trade and other receivables	13	21	21
Loans to subsidiaries	10	150	142
Cash & cash equivalents	16	138	182
		309	345
LIABILITIES			
Current liabilities			
Trade and other payables	14	53	64
		53	64
Net current assets		256	281
NET ASSETS		22,890	27,218
SHAREHOLDERS' EQUITY			
Share capital	15	5,598	5,598
Share premium		46,791	46,791
Foreign exchange reserve		(742)	(555)
Retained loss		(28,757)	(24,616)
Total equity		22,890	27,218

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these accounts. The Company loss for the year was $4,141,000 (2017: $2,762,000).

The financial statements were approved by the Board of Directors on 12 November 2018 and were signed on its behalf by:

Michael Frayne

Chairman

The notes on pages 30 to 44 form part of these financial statements.

GROUP AND COMPANY STATEMENT OF CASH FLOWS

	Group	Group	Company	Company
	Year ended 30 September 2018 $'000	Year ended 30 September 2017 $'000	Year ended 30 September 2018 $'000	Year ended 30 September 2017 $'000
Cash flows from operating activities				
Loss for the year before and after taxation	(4,334)	(2,982)	(4,141)	(2,762)
Depreciation	1	1	1	1
Increase in receivables	(4)	14	(4)	14
(Decrease) in payables	(9)	(18)	(9)	(18)
Unrealised translation forex gain		-	(193)	(220)
Interest income	(535)	(519)	(535)	(519)
Other income	(31)	(46)	(31)	(46)
Share of loss of associate/impairment of investment	4,357	2,975	4,357	2,975
Net cash outflow from operating activities	(555)	(575)	(555)	(575)
Cash flows from investing activities				
Purchase of property, plant and equipment	(2)	-	(2)	-
Net receipt of funds from / loaned to associate	34	-	34	-
Interest income received	448	256	448	256
Other income received	35	32	35	32
Net cash outflow from investing activities	515	288	515	288
Cash flows from financing activities				
Issue of ordinary share capital	-	-	-	-
Net cash inflow from financing activities	-	-	-	-
Net decrease in cash and cash equivalents	(40)	(287)	(40)	(287)
Cash and cash equivalents at beginning of period	182	465	182	465
Exchange gains on cash and cash equivalents	(4)	4	(4)	4
Cash and cash equivalents at end of period	138	182	138	182

The notes on pages 30 to 44 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

GROUP	Called up share capital $'000	Share premium reserve $'000	Foreign exchange reserve $'000	Retained earnings $'000	Total equity $'000
As at 30 September 2016	**5,598**	**46,791**	**516**	**(23,602)**	**29,303**
Loss for the year	-	-	-	(2,982)	(2,982)
Other comprehensive income for the year	-	-	6	-	6
As at 30 September 2017	**5,598**	**46,791**	**522**	**(26,584)**	**26,327**
Loss for the year	-	-	-	(4,334)	(4,334)
Other comprehensive loss for the year	-	-	(4)	-	(4)
As at 30 September 2018	**5,598**	**46,791**	**518**	**(30,918)**	**21,989**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Foreign exchange	Foreign exchange differences arising on translating into the reporting currency.
Retained earnings	Cumulative net gains and losses recognised in the financial statements.

The notes on pages 30 to 44 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY	Called up share capital $'000	Share premium reserve $'000	Foreign exchange reserve $'000	Retained earnings $'000	Total equity $'000
As at 30 September 2016	**5,598**	**46,791**	**(345)**	**(21,854)**	**30,190**
Loss for the year	-	-	-	(2,762)	(2,762)
Other comprehensive income for the year	-	-	(210)	-	(210)
As at 30 September 2017	**5,598**	**46,791**	**(555)**	**(24,616)**	**27,218**
Loss for the year	-	-	-	(4,141)	(4,141)
Other comprehensive loss for the year	-	-	(187)	-	(187)
As at 30 September 2018	**5,598**	**46,791**	**(742)**	**(28,757)**	**22,890**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Foreign exchange	Foreign exchange differences arising on translating into the reporting currency.
Retained earnings	Cumulative net gains and losses recognised in the financial statements.

The notes on pages 30 to 44 form part of these financial statements.

1. Summary of Significant Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Authorisation of financial statements

The consolidated financial statements of Equatorial Palm Oil plc, a company registered in England and Wales with registered address being 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR, for the year ended 30 September 2018 were authorised for issue by the Board of Directors on 12 November 2018 and the statements of financial position signed on the Board's behalf by Michael Frayne.

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS.

The accounts have been prepared to the nearest $'000.

These financial statements have been prepared on a going concern basis, as disclosed in the directors' report.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Foreign currency translation

(i) Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars, which is Equatorial Palm Oil's presentation currency and differs from its functional currency, which is Sterling. The Company's strategy is focused on developing its investment in Liberian oil palm funded by shareholder equity and other financial assets, which are principally denominated in US dollars.

(ii) Transactions and balances

Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to the functional currency at rates of exchange ruling at balance date. Gains or losses arising from settlement of transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement for the period.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at the average exchange rate; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Investment

The Group's interest in LPD is disclosed in Note 9. This investment in which the Group has significant influence is included in the financial statements and accounted for using the equity method. The Group accounts for its share of the net assets of LPD as an investment within the statement of financial position. The Group's share of the gains or losses of LPD are included within the income statement, except for exchange gains and losses on translation. LPD prepares accounts in accordance with the Group's accounting policies.

Upon initial transfer of assets and subsidiaries to LPD, the Group derecognises the assets at their carrying amounts at the date when control is lost. Initial recognition of the investment in LPD is at its fair value. Any resulting difference is recognised as a gain or loss in the statement of comprehensive income.

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

Impairment of non-financial assets

Non-financial assets and identifiable intangibles are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review is based on discounted future cash flows. If the expected discounted future cash flow from the use of the assets and their eventual disposal is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Palm oil trees before maturity are measured at accumulated cost, and depreciation commences upon reaching maturity.

Oil palms which are not yet harvestable or not producing fresh fruit bunches ("FFB"), are classified as immature and are valued at cost. This is comprised of all costs such as direct materials, labour and an appropriate proportion of overheads incurred to bring the oil palms to maturity. Once classified as mature, these costs are recognised through profit and loss.

Depreciation is provided on all plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life at the following annual rates:

Straight-Line

Buildings	7%
Plant and Equipment	20% - 33%
Vehicles	20% - 33%
Palm Oil Mill	10%
Palm Oil Trees	4%

Assets under construction are carried within a separate category of property, plant and equipment at cost and are not depreciated until they are commissioned.

Liberian leasehold (concession) land is depreciated on a straight-line basis over the term of the agreement being 55 years.

Plantation development comprises all plantation development costs such as direct materials, labour and an appropriate proportion of fixed overheads.

Biological Assets

The accounting policies of the Group's associate in respect of Biological assets are:

The FFB on the mature oil palms are carried at fair value less cost to sell. Fair value of FFB is determined using the income approach which considers the net cash flow that would be generated from the unharvested FFB. To arrive at the fair value, management has considered the oil content of unharvested FFB is highest 15 days prior to harvest, those unharvested FFB more than 15 days prior to harvest are excluded from the valuation as their oil content is considered immaterial

Loans Receivable

Loans and advances made to third parties and companies which are not consolidated are recognised when cash is advanced to a borrower. They are derecognised when either the borrower repays its obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any reduction for impairment or uncollectibility.

Revenue Recognition

Revenue represents management fees charged to LPD for consultancy and administrative services. Revenue is recognised when services are provided.

Revenue within LPD comprises the fair value of consideration received upon the sale of crude palm oil and palm kernel oil. Revenue is recognised when the risks and rewards are transferred which is when crude palm oil and palm kernel oil are received by the customer.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised.

Financial Instruments

The Group's financial assets consist of cash and trade and other receivables.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents consist of cash on hand and cash held on current account or on short-term deposits, with initial maturity of three months or less at variable interest rates. Any interest earned is accrued monthly and classified as interest.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are initially recorded at fair value less any directly attributable costs, with subsequent measurement at amortised cost. Finance costs are accounted for on an accruals basis in the income statement using the effective interest method.

Segment information

The Group complies with IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance.

In the opinion of the Directors, the operations of the Group comprise one class of business, being the cultivation of oil palms for the production of crude palm oil and associated products in Liberia.

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on practical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary, if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are amortised in the period in which the estimate is revised.

The key area where management have made estimates and assumptions is:

Investment in associate – if there are indicators of impairment, management undertake an impairment review of the carrying value of the investment in the associate. The impairment review may contain critical estimates such as the future yield of the oil palm plantation, the future price of palm oil and the discount rate applied.

The impairment of the Company's investment reflects the share of losses incurred during the current and prior year

Adoption of new and amended Accounting Standards

(i) *New and amended standards adopted for the first time for the financial periods beginning on or after 1 January 2017*

Annual Improvements to IFRSs (2014 – 2016 Cycle)

Amendments to IFRS 12 (Disclosure of Interests in Other Entities), Amendments to IFRS 1 (First time adoption of International Financial Reporting Standards) and IAS 28 (Investments in Associates and Joint Ventures)

IAS 12 Income Taxes (Amendment – Recognition of Deferred Tax Assets for Unrealised Losses)

The amendments are intended to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instrument financial assets measured at fair value.

IAS 7 Statement of Cash Flows (Disclosure Initiative Amendments)

The amendments are intended to improve information provided to users of financial statements about changes in liabilities arising from an entity's financial activity.

There were no new standards or interpretations effective for the first time for periods beginning on of after 1 January 2017 that had a significant effect on the Group's financial statements.

(ii) *New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

Standard	Impact on initial application	Effective for period beginning after
New Standards		
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
Amendments to Existing Standards		
IFRS 15 (Clarification)	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
	Annual Improvements to IFRSs (2014-2016 Cycle)	1 January 2017 & 1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IAS 40	Transfers of Investment Property	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation	1 January 2019

The Group is evaluating the impact of the new and amended standards above. The introduction of IFRS 9 is not expected to have any material financial impact.

2. Operating Loss

The operating loss is stated after charging:

		Group	**Group**
		Year ended 30 September 2018 $'000	**Year ended 30 September 2017 $'000**
Auditors' remuneration	– audit services	34	32
	– other services	8	20
Directors' emoluments (Note 4)		195	185
Operating lease charges		80	77

In addition to the above, the Auditors charged $55,000 (2017 – $47,000) in relation to the associate. The costs were borne by the associate.

3. Taxation

	Group Year ended 30 September 2018 $'000	Group Year ended 30 September 2017 $'000
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(4,334)	(2,982)
Loss on ordinary activities at the UK standard rate of 19% (2017: 19%)	(824)	(567)
Effects:		
Share of operating loss of associate not taxable	828	565
Expenses not deductible for tax purposes	-	-
Utilisation of previous unrecognized tax losses carried forward	4	-
Tax losses carried forward not recognised	-	2
Total taxation	-	-

No deferred tax assets have been recognised (2017: nil). The Group has total carried forward losses of $8,186,000 (2017: $8,677,829). The taxed value of the unrecognised deferred tax asset is $1,555,340 (2017: $1,648,787) and these losses do not expire.

4. Directors' emoluments

	Salary Year ended 30 September 2018 $'000	Salary Year ended 30 September 2017 $'000
Michael Frayne	67	63
Geoffrey Brown	128	122
Lee Oi Hian (1)	-	-
Teh Sar Moh Nee (1)	-	-
Yap Miow Kien (1)	-	-
Lee Guo Zhang (1)	-	-
Total	195	185

All Directors' remuneration is paid in cash.

(1) KLK representatives not remunerated by the Company

5. Compensation of Key Management Personnel

	Group & Company Year ended 30 September 2018 $'000	Group & Company Year ended 30 September 2017 $'000
Short-term employee benefits	330	313
Social security costs	41	39
Total	371	352

Key Management Personnel includes the Directors of the Company and senior management.

6. Staff Costs (including Directors)

	Group Year ended 30 September 2018 $'000	Group Year ended 30 September 2017 $'000
Staff Costs		
Salaries & Wages	330	313
Social Security Costs	41	39
Total Staff Costs	371	352

	Company Year ended 30 September 2018 $'000	Company Year ended 30 September 2017 $'000
Staff Costs		
Salaries & Wages	330	313
Social Security Costs	41	39
Total Staff Costs	371	352

The Group and Company averaged 3 employees during the year ended 30 September 2018 of which all were involved in administration activities (30 September 2017: 3).

7. Loss Per Share

The basic loss per share is derived by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue.

As inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive, as such, diluted earnings per share is equivalent to basic earnings per share.

	Group Year ended 30 September 2018 $'000	Group Year ended 30 September 2017 $'000
Loss for the year	(4,334)	(2,982)
Weighted average number of ordinary shares of 1p in issue	356.3 million	356.3 million
Loss per share – basic and diluted	(1.2) cents	(0.8) cents

8. Financial Instruments

The Group (including the Company, its subsidiary and its interest in LPD) is exposed through its operations to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Foreign exchange risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, and classified as loans and receivables, from which financial instrument risk arises are as follows:

- Receivables from associate;
- Trade and other receivables;
- Cash and cash equivalents;

- Loans to associates; and
- Loans to subsidiaries.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk exposure as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

The Group is exposed to credit risk from its cash deposits. The Group reviews the banks and financial institutions it deals with to ensure that standards of credit worthiness are maintained.

The Group is also exposed to credit risk from its loans to LPD. The ability of LPD to repay its debts is supported by a joint venture agreement between the Company and KLK (refer Note 9) and the projected future cash flows from the plantation.

The Group does not enter into derivatives to manage credit risk.

At the reporting date the Group does not envisage any losses from non-performance of counterparties.

The maximum exposure to credit risk at the reporting date from the Group's financial assets is the carrying value of each financial asset. The Group does not hold any collateral as security.

Interest rate risk

The Group is exposed to fluctuations of the LIBOR rate on the interest accrued relating to its receivable due from associate. The Group measures its risk through a sensitivity analysis considering 10% favourable and adverse changes in the LIBOR rate. As at 30 September 2018 a movement in the LIBOR by 10% would not result in an increase or decrease in the interest accrued as interest is accrued at the higher of LIBOR + 4% or 8%.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Directors receive information regarding cash balances on a monthly basis. As soon as funding shortfalls are identified, the Directors take action to identify and subsequently secure the necessary funds from existing or new investors or in the form of short and long term borrowings. Further disclosure of going concern is given in Note 1.

Market risk

The most significant component of market risk affecting the Group is the market price of CPO, which will be determined by local market prices and demand for CPO and also the Group's access and route to export sales.

Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in the UK and Liberia, which enter into transactions in currencies which are not the same as the functional currency of the Company. Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations, as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. Wherever possible in order to monitor the continuing effectiveness of this policy, the Board, through their approval of capital expenditure budgets and review of the monthly management accounts, considers the effectiveness of the policy on an ongoing basis.

Foreign currency sensitivity analysis

The Group is mainly exposed to currency rate fluctuations of the UK Pound versus the US$, and measures its foreign currency risk through a sensitivity analysis considering 10% favourable and adverse changes in market rates on exposed monetary assets and liabilities denominated in UK Pounds. At 30 September 2018 a 10% revaluation of the Pound against the Dollar would have resulted in a US $10,599 increase or decrease in the net assets of the Group (30 September 2017: US$14,200).

Capital management policies

The Group considers its capital to be its ordinary share capital, share premium, other reserves, and retained deficit. The Board of Directors has established principles for the management of the Group's capital resources based on a long-term strategy that continually evaluates and monitors the achievement of corporate objectives. Specific capital management policies set forth include the following:

- Sufficient resources to maintain and develop its concessions and to maximise discretionary spending on further accelerating its plantation development;
- The reinvestment of profits into new and existing assets that fit the corporate objectives;
- To identify the appropriate mix of debt, equity and partner sharing opportunities in order to maintain and comply with its growth and development plans alongside those commitments of its concession agreements with a view of generating the highest returns to shareholders overall with the most advantageous timing of investment flows;
- Retain maximum flexibility to allocate capital resources between new planting and production of CPO enhancing projects based on available funds and the quality of opportunities.

On a regular basis, management receives financial and operational performance reports that enable continuous management of assets, liabilities and liquidity.

The above policies and practices are consistent with strategies and objectives employed in prior years and are expected to remain consistent in the extension of future resource allocation objectives.

9. Investment in associate & subsidiaries

The Company, through its investment in Equatorial Biofuels (Guernsey) Limited, owns a 50% interest in LPD.

In the period ended 30 September 2014, a Joint Venture Agreement ("JVA") was signed pursuant to which cash and funding commitments of up to $35.5m were made available to LPD. Under the JVA, the Company retained a 50% economic and voting interest in LPD. Also, under the JVA, KLK has the power to appoint the Chairman to the Board of LPD and in the case of a tied vote the Chairman has the casting vote. For this reason, the Company accounts for its investment in LPD as an equity investment in which it has significant influence.

The Group and Company's interest in LPD is as follows:

	30 September 2018	30 September 2017
	$'000	$'000
Interest in associate at beginning of year	**19,447**	**22,422**
Share of losses of associate	(4,357)	(2,975)
Interest in associate at end of year	**15,090**	**19,447**

The consolidated results of Liberian Palm Developments Limited for the year ended 30 September 2018 were as follows:

	30 September 2018	30 September 2017
	$'000	$'000
Non-current assets	122,266	103,687
Current assets	7,833	10,758
Non-current liabilities	(99,230)	(73,228)
Current liabilities	(689)	(2,322)
TOTAL NET ASSETS	**30,180**	**38,895**
Group's share (50%)	15,090	19,447
Income	606	291
Expenses	(9,320)	(6,241)
Loss after tax and total comprehensive income	**(8,714)**	**(5,950)**
Group's share (50%)	(4,357)	(2,975)

Subsidiaries and associates of Equatorial Palm Oil plc

Company	Country of Registration	Holding 30 September 2018	Holding 30 September 2017	Nature of business
Direct (subsidiaries)				
Equatorial Biofuels (Guernsey) Limited	Guernsey	100%	100%	Holding Company
Indirect (associates)				
Liberian Palm Developments Limited (1)	Mauritius	50%	50%	Holding Company
EBF (Mauritius) Limited (2)	Mauritius	50%	50%	Holding Company
EPO (Mauritius) Limited (2)	Mauritius	50%	50%	Holding Company
Equatorial Palm Oil (Liberia) Inc (3)	Liberia	50%	50%	Operating company in Liberia
Liberia Forest Products Incorporated (4)	Liberia	50%	50%	Operating company in Liberia
Liberia Agricultural Development Corporation (3)	Liberia	50%	50%	Non-operating company in Liberia
LIBINC Oil Palm Inc. (4)	Liberia	50%	50%	Operating company in Liberia

(1) 50% held by Equatorial Biofuels (Guernsey) Limited
(2) 100% held by Liberian Palm Developments Limited
(3) 100% held by EPO (Mauritius) Limited
(4) 100% held by EBF (Mauritius) Limited

The Company's investment in Equatorial Biofuels (Guernsey) Limited is as follows:

	30 September 2018 $'000	30 September 2017 $'000
Investment at beginning of year	**20,199**	**23,174**
Impairment	(4,357)	(2,975)
Investment at end of year	**15,842**	**20,199**

The impairment of the Company's investment reflects the share of losses incurred during the current and prior year.

10. Loans to Subsidiaries

	Company 30 September 2018 $'000	Company 30 September 2017 $'000
Equatorial Biofuels (Guernsey) Limited	150	142
Total	150	142

The loan to the subsidiary is interest free and has no fixed repayment date. They are denominated in UK Pounds. Repayment of loans is subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources.

11. Non-current receivables

	Group 30 September 2018 $'000	Group 30 September 2017 $'000	Company 30 September 2018 $'000	Company 30 September 2017 $'000
Receivable due from associate	6,789	6,736	6,789	6,736
	6,789	6,736	6,789	6,736

The receivable due from the associate relates to a loan, denominated in USD, with a five-year term concluding on 6 November 2018 (refer Note 19 for subsequent event), that will accrue interest at a rate of LIBOR + 4% or 8% per annum, whichever is higher. Interest will accrue on the principal amount of the loan (including any accrued interest) and is repayable in full at the end of the five-year term or earlier at the discretion of LPD. Interest accrued for the year amounted to $535,000 (2017: $519,000).

	30 September 2018 $'000	30 September 2017 $'000
Receivable due from associate at beginning of year	**6,736**	**6,386**
Interest paid by associate	(448)	(255)
Interest income accrued	535	519
Management fee paid by associate	(210)	(81)
Management fee accrued	176	167
Receivable due from associate at end of year	**6,789**	**6,736**

12. Revenue and Other Income

	Group 30 September 2018 $'000	Group 30 September 2017 $'000
Rental income	31	46
Other	2	-
Other Income	**33**	**46**
Management fees income	176	167
Revenue	**176**	**167**

13. Trade and other receivables

	Group 30 September 2018 $'000	Group 30 September 2017 $'000	Company 30 September 2018 $'000	Company 30 September 2017 $'000
Prepayments	8	7	8	7
VAT receivables	-	9	-	9
Other receivables	14	6	13	5
	22	22	21	21

The fair value of all receivables is the same as their carrying values stated above. No ageing analysis is considered necessary as the Group has no trade receivable which would require analysis to be disclosed under the requirements of IFRS 7.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 30 September 2018 $'000	Group 30 September 2017 $'000	Company 30 September 2018 $'000	Company 30 September 2017 $'000
UK Pounds	21	21	21	21
US Dollars	1	1	-	-
	22	22	21	21

14. Trade and other payables

	Group 30 September 2018 $'000	Group 30 September 2017 $'000	Company 30 September 2018 $'000	Company 30 September 2017 $'000
Trade payables	50	51	50	51
Other payables	3	11	3	13
	53	62	53	64

15. Called Up Share Capital

Allotted, called up and fully paid	**30 September 2018 $'000**	**30 September 2017 $'000**
356,277,502 (2017: 356,277,502) Ordinary shares of 1p each	5,598	5,598

During the year the Group did not issue any shares.

16. Cash

The Group and Company's breakdown of cash held is as follows:

	30 September 2018	**30 September 2017**
	$'000	**$'000**
Cash on hand	78,000	75,000
Cash held in 1-month deposit	60,000	107,000
	138,000	**182,000**

17. Related Party Transactions

KLK

On 11 April 2014, the Company announced that it had entered into a joint venture agreement ("JVA") with KLK Agro Plantations Pte Ltd ("KLK Agro"), a wholly owned subsidiary of KLK, in relation to the operations and funding for Liberian Palm Developments Limited ("LPD"). Under the terms of the JVA, KLK Agro and EPO (through its wholly owned subsidiary Equatorial Biofuels (Guernsey) Limited) each subscribed for US$7,500,000 of new equity in LPD. In addition, KLK Agro agreed to provide any further funding required by LPD up to a maximum of US$20,500,000 (the "KLK Funding Commitment") which may, at the discretion of KLK Agro, be provided by way of debt or preferential equity finance which will incur interest or preferential dividend (as appropriate) at USD LIBOR plus a maximum of 500 basis points. LPD also has the option to obtain financing from parties other than KLK irrespective of whether or not the KLK Funding Commitment has been fully invested in LPD and provided that the terms of such external financing are better than that of KLK's Funding Commitment.

On 27 January 2015, the Company announced that LPD had entered into a US$20.5m loan agreement with KLK Agro (the "2015 Loan Agreement") for the operations and funding for LPD. The term of the 2015 Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 percent per annum. As at 30 September 2018, this loan is fully drawn and no interest has been paid to date.

On 2 September 2016, the Company announced that LPD had entered into a US$30m loan agreement with KLK Agro (the "2016 Loan Agreement") to further the operations and funding for LPD. This loan is in addition to the 2015 Loan Agreement. The term of the 2016 Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 percent per annum. As at 30 September 2018, this loan is fully drawn and no interest has been paid to date.

On 12 October 2017, the Company announced that LPD has entered in a $30.0m loan agreement with KLK Agro (the "2017 Loan Agreement") for the operations and funding for LPD. The term of the 2017 Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 percent per annum.

Recharges between EPO and LPD

For the year ended 30 September 2018, EPO recharged LPD $176,000 (2017: $167,000) with $52,000 outstanding at year end (2017: $86,000).

Loans to Subsidiaries and Receivables from Associates

Details of loans to subsidiaries are disclosed in Note 10 and receivables from associate in Note 11.

18. Controlling Entity

The parent company and ultimate controlling company is Kuala Lumpur Kepong Berhad ("KLK"), a company incorporated in Malaysia, the accounts of which are available from www.klk.com.my. KLK own and control 62.86% of the Company's share capital as at 30 September 2018 (2017: 62.86%) and they are deemed to be the ultimate controlling entity.

19. Events After the Reporting Period

Subsequent to year end, the Company extended the maturity of its US$2,00,000 loan to its 50 per cent. owned joint venture company, Liberian Palm Developments Limited ("LPD"), announced on 7 November 2013 for the funding or LPD's operations (the "Loan"). The maturity date for the Loan, for which US$2,938,656 including accrued interest is outstanding, will be extended from 7 November 2018 to 6 November 2023 (the "Loan Extension"). The Loan Extension has been effected by a deed of amendment and all other terms of the Loan remain unchanged.

The key terms of the loan are as follows:

- Term – 5 years expiring on 6 November 2023
- Interest - USD LIBOR + 4 per cent per annum or 8 per cent per annum, whichever is the higher
- Repayment - Loan principal (together with all accrued Interest due) on expiry of the Term or earlier at the election of LPD

20. Availability of accounts

The audited Annual Report and Financial Statements for the period ended 30 September 2018 will shortly be sent to shareholders and published at www.epoil.co.uk .