Registered Number 5555087

EQUATORIAL PALM OIL PLC

ANNUAL REPORT AND ACCOUNTS

For the year ended 30 September 2016

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CHAIRMAN'S STATEMENT

Introduction

Our year in review was very much a period of consolidation while we performed studies and assessments for High Carbon Stock (HCS) and also completed a 2 year consultation process with the communities within which we operate, where agreement was sought for land development. During this time there has been no land development. However, we completed the inaugural Sustainability Report 2015, which has set out in detail the way in which the Company deals with its corporate social responsibility, sustainability matters and stakeholders involved in the business. On that basis we continued to invest significant funds into our Liberia palm oil operations on the basis that Equatorial Palm Oil plc ("EPO" or "the Company") is in this business for the long term.

Liberian Palm Developments Limited and its subsidiaries ("LPD Group") – Operational Review

Commitment to New Palm Oil Mill

On 13 April 2016 the Company announced that it will construct a 60 metric tonnes per hour ("mt/hr") palm oil mill ("POM") to be located at Palm Bay estate.

The POM will be constructed in a modular design with two lines of 30mt/hr each, however the ground preparation will be completed for a 60mt/hr POM. The first stage is the commissioning of a 30mt/hr POM, anticipated to be operational in 2018, which will cost approximately US$20m (the "First Phase") and is to be funded by debt finance which our major shareholder and JV partner Kuala Lumpur Kepong Berhad ("KLK") have arranged and is set out in more detail below. The balance of funding for the second 30mt/hr line will be sought closer to the time of commissioning on a similar debt funded basis.

The construction of this mill is significant for the communities in which we operate and for the Liberian Government. Given the recent downturn in prices for commodities and oil & gas the Liberian Government has put a greater emphasis on agriculture and is providing all necessary assistance to the LPD Group to ensure all imports for "agro-processing" are free of any import duties.

Palm Bay estate is located 24km from the port of Buchanan where the LPD Group has leased approximately 4.5 acres for a tank farm and export facility in close proximity to the wharf from which it is intended that vessels will load LPD Group's produce for onward shipment to customers.

Funding

EPO announced on 5 September 2016 that Liberian Palm Developments ("LPD") 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 the LPD Group and fund the construction of the First Phase of the POM to be built on Palm Bay estate.

The key terms of the Loan, which is unsecured, are as follows:

- Amount - up to US$30m
- Term - 2 September 2016 to 25 January 2020 (the "Term")
- Interest - 3-months USD LIBOR + 5 per cent per annum
- Repayment - loan principal (together with all accrued interest) due on expiry of the Term or such earlier date as LPD may decide

The Loan is in addition and on predominantly the same terms as the Loan of US$20.5m which EPO announced on 27 January 2015, which has now been fully drawn down and remains outstanding, falling due on 25 January 2020. The Loan can be drawn down by LPD in line with its operational funding requirements and, as at 30 September 2016, approximately $20m remains to be drawn down under the Loan.

This latest round of funding will drive our operations into production in 2018 and fund the building and commissioning of the First Phase of the POM.

Community Consent for Land Development

Following a 2-year formal consultation process, LPD's Liberian subsidiary ("EPO Liberia"), announced on 5 May 2016, that it had signed a Memorandum of Understanding ("MOU") with designated community leaders over four key areas on Palm Bay estate to allow the development of oil palm and ancillary activities.

The MOU was signed between EPO Liberia, Community elders, leaders and residents of Tarlo town, Blayah town, Nuhn town and Qlakpojelay (the "Community") who all came to a joint resolution with regard to the planned development of these areas on Palm Bay estate. A group of signatories which represent an accurate cross-section of the Community signed the MOU, including some of the communities not presently in favour of development.

The signing ceremony, which was witnessed by several local and international press organisations, followed a process whereby EPO Liberia and the Community elders jointly mapped the areas which can and cannot be developed for oil palm. This joint mapping exercise was inclusive of the consenting and non-consenting communities of the Phase 1 development at Palm Bay estate and was witnessed by the District Commissioner of District #4 of Grand Bassa County.

The Company disclosed the full details of the agreement, which were as follows:

- The Company will not develop or plant oil palm on the priority land area where the Community does not want the Company to develop its oil palm plantation.
- A map was attached to the MOU which illustrated the priority land area where the Community did not want the Company to develop its oil palm plantation.
- The Company will proceed with its land development in areas ceded by consented communities in the Phase 1 boundary as guided by its Sustainability Policy.
- The Company will only develop the remainder of the concession land outside of the Phase 1 boundary with adherence to the principles of 'free, prior and informed consent' ("FPIC").
- The Company is allowed to conduct its FPIC processes within the concession land and will respect the decision of all communities.

The agreement with the Community allows for a process whereby the interests of stakeholders are taken into account and they are actively engaged in order to conclude a pathway forward for sustainable development of our oil palm operations. The MOU with the Community forms the background to allow the LPD Group to move forward in creating a new palm oil industry in Liberia that conforms to the local community's needs, international best practice standards and gives us great confidence for continued expansion.

Palm Bay and Butaw Estates

Work has been ongoing at both Palm Bay and Butaw estates to tend to the already 7,400 ha planted since 2011. LPD Group's Management has reported that these palms are developing well and the palms planted in 2011 and 2012 are now bearing fruit. As has been well documented, no land development or new planting has been undertaken since Q4 2014.

During the High Carbon Stock ("HCS") study funded by the Sustainable Palm Oil Manifesto Group ("the "HCS+"), the LPD Group had committed to use the HCS Approach methodology to avoid clearing HCS areas on its estates. In this respect, the LPD Group had engaged The Forest Trust (“TFT”) assistance to assess approximately 1,500ha for new plantings on Palm Bay estate. This exercise has now been completed and the LPD Group has recommenced land development and new planting as further detailed below.

Currently, there are initiatives in place for the convergence of the two methodologies (HCS+ and HCS Approach), which the LPD Group supports in the move towards a single standard for implementation of the ‘No Deforestation’ commitments. Until this convergence is completed, the LPD Group will adopt the HCS Approach methodology in respect of new oil palm development at its estates.

Corporate Social Responsibility (“CSR”) and Sustainability

On 24 November 2015, EPO published its first ever Sustainability Report, outlining EPO’s work in Liberia, illustrating its CSR projects and detailing how it is addressing land rights issues in Liberia.

The Report, which received favourable feedback from stakeholders, can be found at:

http://www.epoil.co.uk/Sustainability%20Report%202015.aspx

The Report also outlines EPO's involvement with an international study to clearly define what constitutes a HCS forest and establish HCS thresholds for oil palm cultivation that balance environmental concerns with socio-economic and political factors in developing and emerging economies where oil palm is cultivated.

The report also addresses:

- EPO's commitment to the Roundtable on Sustainable Palm Oil (RSPO) including the key principle of FPIC from communities as essential for land development
- The Company's plans to help make the certified sustainable palm oil industry the basis of stable, long term economic development in Liberia
- Profiles of EPO's community engagement activities and the community liaison team in Liberia
- 2013-15 land issues, the Jogbahn Clan (a local community in Liberia), land rights issues and resolutions
- The Company's environmental measures
- The Company's work on gender equality and empowerment
- EPO's response to the 2013-15 West African outbreak of Ebola Virus Disease
- Data outlining all EPO 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.

In addition to producing an annual sustainability report, EPO's monthly CSR activities and sustainability progress can be monitored via the Company's dedicated microsite, which can be found at:

www.csr21.org/company/equatorial-palm-oil

Relevant articles, photos and videos are posted and updated, including information on EPO’s reaction to the Ebola crisis.

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.

Sustainability is a long term objective for all our operations in Liberia. Having become a member of the RSPO in 2007, we have consistently adopted best practices and procedures to ensure that the CPO produced from our estates meet international sustainability standards.

Operational Update

As announced on 24 October 2016, the LPD Group recommenced land development on Palm Bay estate. It is pleasing to recommence land development, not only after detailed HCS assessments but also following a two year consultation process in which the LPD Group actively engaged with stakeholders to consider all interests relating to oil palm development on our estates.

Personnel

Our staff members 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.

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

Ebola

EPO is mindful of the significant impact the Ebola virus has had throughout West Africa, with at least 10,000 people having died since the outbreak first began in 2014. Although there has been a significant reduction in the number of instances of infection from the virus, the biggest risk perceived by governments and health organisations is now one of complacency and EPO Liberia is continuing to adhere to stringent preventative and precautionary measures at all our sites in accordance with guidelines set by the Government of Liberia in order to prevent infection and the re-introduction of the disease.

Financial Review

The loss of the Group for the year ended 30 September 2016 of US$1,276,000 (year ended 30 September 2015: US$1,391,000) was in line with expectations.

Cash held by the Group as at 30 September 2016 was US$465,000 (30 September 2015: US$987,000).

Outlook

It is heartening to note that at an operational level the LPD Group has recommenced land development. This, coupled with the signing of the MOU and consent from the communities in which we operate for the development of oil palm, gives us great confidence that we will be a significant West African palm oil producer in the not too distant future.

The feedback to our Sustainability Report 2015 was encouraging and I want to thank all stakeholders for their continued input in this very important and growing area of our business. Through our concessions, we have made long term commitments to Liberia and its people and we intend to honour these commitments in full. We have strong ties to the local communities that depend on our operations.

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 and the creation of value for all stakeholders.

Michael Frayne
Chairman

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 investments (the “Group”) for the reported period include:

- Completion of Sustainability Report 2015
- Decision to construct a new 60 metric tonne per hour (“mt/hr”) palm oil mill at Palm Bay estate
- Memorandum of Understanding signed with designated community leaders over four key areas on Palm Bay estate to allow development of oil palm activities
- Additional US$30.0 million funding commitment for LPD from KLK Agro

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 the Group’s operational activities are located in Liberia and the Group is therefore exposed to health & safety risks associated with the Ebola outbreak in West Africa. The outbreak 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, after 42 days of surveillance, 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. The Company has regular meetings with the EPSMG as many of these companies have experiences that we can learn from to prevent this disease from reoccurring.

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 the Company 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, the Company 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.

Economic and political risks

All of the Group's operational activities are located in Liberia and the Group is therefore dependent on the political and economic situation in Liberia. Whilst the Company intends to make every effort to ensure the Group has and continues to have robust commercial agreements covering its activities, there is a risk that the Group'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, strikes and lock outs, and changes to laws governing the Group's operations including certain outcomes from HCS study. 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.

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.

This report was approved by order of the board on 14 November 2016

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 2016.

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 2016 amounted to $1,276,000 (12 months ended 30 September 2015: Loss of $1,391,000).

The Directors do not propose the payment of a dividend (2015: nil).

Directors

The Directors who served during the year ended 30 September 2016 are as follows:

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

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 2016, 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.

Regarding the funding of LPD, on 2 September 2016, the Company announced that LPD had entered into a US$30m loan agreement with KLK Agro (the "Loan Agreement") to fund the operations of LPD. This is in addition to the US$20.5m loan granted on 27 January 2015. The term of the Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 percent per annum. To date the LPD Group has fully drawn on the US$20.5m loan granted 27 January 2015 and a further US$10m from the US$30m loan granted 2 September 2016.

Based upon the current financial position of LPD, which held US$412k in cash as at 30 September 2016 and, as mentioned above, can draw down a further amount of US$20 million, 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. 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. Although the Company does not comply with the UK Corporate Governance Code, the Directors have established procedures, so far as is practicable, given the Company's size, to comply with the UK Corporate Governance Code. The Company has adopted and operates a share dealing code for Directors and senior employees in line with EU Market Abuse Regulation.

The Board

The Board meets throughout the year. 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 four non-executive Directors. The Board has delegated specific responsibilities to the committees described below.

The Audit Committee

The Company has an Audit Committee, which comprises three directors, Lee Oi Hian, Yap Miow Kien, and is chaired by 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 executive Board members being present and reviews reports from the auditors relating to accounts and internal control systems.

The Remuneration Committee

The Company has a Remuneration Committee, which comprises three directors, Yap Miow Kien, Michael Frayne, and is chaired by 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. 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 a Nominations Committee, which comprises three Directors, Yap Miow Kien, Michael Frayne and is chaired by Lee Oi Hian. The Nominations Committee meets at such times during the year as required. 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.

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

14 November 2016

Registered Number 5555087

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors’ responsibilities

The Directors are responsible for preparing the strategic report, the director’s report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUATORIAL PALM OIL PLC

We have audited the financial statements of Equatorial Palm Oil plc for the year ended 30 September 2016 which comprise the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company cash flow statements, the Group and Company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation 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.

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.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 September 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Scott McNaughton *(Partner)*
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 September 2016 $'000	Year ended 30 September 2015 $'000
Revenue	12	192	-
Administrative expenses		(847)	(925)
Operating loss	2	(655)	(925)
Interest income	11	504	470
Other income	12	66	62
Share of loss of associate	9	(1,191)	(998)
Loss for the year before and after taxation attributable to owners of the parent	3	(1,276)	(1,391)
Other comprehensive income			
Items that will or may be reclassified to profit or loss			
Exchange losses arising on translation of foreign operations		(100)	(93)
Total comprehensive income for the year attributable to owners of the parent		(1,376)	(1,484)
Loss per share expressed in cents per share			
- Basic & diluted	7	(0.4) cents	(0.4) cents

The notes on pages 22 to 37 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
Registered Number 5555087

	Note	As at 30 September 2016 $'000	As at 30 September 2015 $'000
ASSETS			
Non-current assets			
Investment in associate	9	22,422	23,613
Property, plant and equipment		3	-
Receivables from associate	11	6,386	6,054
		28,811	29,667
Current assets			
Trade and other receivables	13	121	89
Cash & cash equivalents		465	987
		586	1,076
LIABILITIES			
Current liabilities			
Trade and other payables	14	94	64
		94	64
Net current assets		492	1,012
NET ASSETS		29,303	30,679
SHAREHOLDERS' EQUITY			
Share capital	15	5,598	5,598
Share premium		46,791	46,791
Warrant and option reserve	16	-	108
Foreign exchange reserve		516	616
Retained loss		(23,602)	(22,434)
Total equity		29,303	30,679

The financial statements were approved by the Board of Directors on 14 November 2016 and were signed on its behalf by:

Michael Frayne
Chairman

The notes on pages 22 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2016 $'000	As at 30 September 2015 $'000
ASSETS			
Non-current assets			
Investment in subsidiaries	9	23,174	24,365
Property Plant and Equipment		3	-
Receivables from associate	11	6,386	6,054
		29,563	30,419
Current assets			
Trade and other receivables	13	119	88
Loans to subsidiaries	10	137	128
Cash & cash equivalents		465	987
		721	1,203
LIABILITIES			
Current liabilities			
Trade and other payables	14	94	64
		94	64
Net current assets		627	1,139
NET ASSETS		30,190	31,558
SHAREHOLDERS' EQUITY			
Share capital	15	5,598	5,598
Share premium		46,791	46,791
Warrant and option reserve	16	-	108
Foreign exchange reserve		(345)	616
Retained loss		(21,854)	(21,555)
Total equity		30,190	31,558

The financial statements were approved by the Board of Directors on 14 November 2016 and were signed on its behalf by:

Michael Frayne
Chairman

The notes on pages 22 to 37 form part of these financial statements.

STATEMENT OF CASH FLOWS

	Group	Group	Company	Company
	Year ended 30 September 2016 $'000	**Year ended 30 September 2015 $'000**	**Year ended 30 September 2016 $'000**	**Year ended 30 September 2015 $'000**
Cash flows from operating activities				
Loss for the year before and after taxation	(1,276)	(1,391)	(407)	(1,380)
Depreciation	1	-	1	-
Increase in receivables	(9)	(22)	(9)	(21)
(Decrease) / increase in payables	35	(49)	35	(49)
Interest income	(504)	(470)	(504)	(470)
Other income	(62)	(62)	(62)	(62)
Share of loss of associate/impairment of investment	1,191	998	1,191	998
Net cash outflow from operating activities	(624)	(996)	245	(984)
Cash flows from investing activities				
Purchase of property, plant and equipment	(3)	-	(3)	-
Funds invested in and loaned to associate	(5)	(51)	(13)	(63)
Interest income received	172	3	172	3
Other income received	38	26	38	26
Net cash outflow from investing activities	202	(22)	194	(34)
Cash flows from financing activities				
Issue of ordinary share capital	-	-	-	-
Net cash inflow from financing activities	-	-	-	-
Net decrease in cash and cash equivalents	(422)	(1,018)	439	(1,018)
Cash and cash equivalents at beginning of period	987	2,061	987	2,061
Exchange gains on cash and cash equivalents	(100)	(56)	(961)	(56)
Cash and cash equivalents at end of period	465	987	465	987

The notes on pages 22 to 37 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	Warrant and option reserve $'000	Retained earnings $'000	Total equity $'000
As at 30 September 2014	**5,598**	**46,791**	**709**	**729**	**(21,664)**	**32,163**
Expiry of warrants and options	-	-	-	(621)	621	**-**
Loss for the year	-	-	-	-	(1,391)	**(1,391)**
Other comprehensive income for the year	-	-	(93)	-	-	**(93)**
As at 30 September 2015	**5,598**	**46,791**	**616**	**108**	**(22,434)**	**30,679**
Expiry of warrants and options	-	-	-	(108)	108	**-**
Loss for the year	-	-	-	-	(1,276)	**(1,276)**
Other comprehensive income for the year	-	-	(100)	-	-	**(100)**
As at 30 September 2016	**5,598**	**46,791**	**516**	**-**	**(23,602)**	**29,303**

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.
Warrant and option	Amount representing the cumulative charge recognised under IFRS2 in respect of warrants and share options, including the valuation of warrants issued with shares.
Retained earnings	Cumulative net gains and losses recognised in the financial statements.

The notes on pages 22 to 37 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	Warrant and option reserve $'000	Retained earnings $'000	Total equity $'000
As at 30 September 2014	**5,598**	**46,791**	**709**	**729**	**(20,796)**	**33,031**
Exercise and expiry of warrants and options	-	-	-	(621)	621	**-**
Loss for the year	-	-	-	-	(1,380)	**(1,380)**
Other comprehensive income for the year	-	-	(93)	-	-	**(93)**
As at 30 September 2015	**5,598**	**46,791**	**616**	**108**	**(21,555)**	**31,558**
Exercise and expiry of warrants and options	-	-	-	(108)	108	-
Loss for the year	-	-	-	-	(407)	(407)
Other comprehensive income for the year	-	-	(961)	-	-	(961)
As at 30 September 2016	**5,598**	**46,791**	**(345)**	**-**	**(21,854)**	**30,190**

The notes on pages 22 to 37 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the year ended 30 September 2016

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 for the year ended 30 September 2016 were authorised for issue by the Board of Directors on 14 November 2016 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.

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, 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 Sterling.

(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 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.

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	30%
Declining Balance	
Heavy Machinery	30%
Light Machinery	40%

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 50 years.

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

Biological Assets

Biological assets comprise oil palm trees from initial preparation of land and planting of seedlings through to maturity and the entire productive life of the oil palms.

Oil palms which at the accounting date are not yet harvested or not producing fresh fruit bunches (“FFB”), are valued at cost.

Mature oil palms which are being harvested are carried at cost.

The FFB on the mature oil palms are carried at fair value.

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

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 is 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.

Share-based payments

In accordance with IFRS 2 ‘Share-based payments’, the Group reflects the economic cost of awarding shares and share options to employees and Directors by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded. The expense is recognised in the statement of comprehensive income over the vesting period of the award.

Fair value is measured by use of a Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is charged to the consolidated statement of comprehensive income and amortised over the remaining vesting period.

Where an option or a warrant is issued to a third party the Directors value the service received at fair value, where this is not ascertainable the Directors will value the service based on the fair value of the instruments issued as described above.

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. A breakdown of the cash held as at 30 September 2016 is as follows:

- Cash on hand: $108,492.
- Cash held in 1-month time deposit: $356,895

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.

Critical judgements in applying the Group's accounting policies

The application of the Group's accounting policies may require management to make judgements, apart from those involving estimates, which can have a significant effect on the amounts amortised in the financial statements. Management judgement is particularly required when assessing the substance of transactions that have a complicated structure or legal form.

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 October 2015*

A number of new standards and amendments to standards and interpretations are effective or have been early adopted for the financial year beginning on or after 1 October 2015 and have been applied in preparing these Financial Statements.

Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41

The amendments change the financial reporting for bearer plants, such as oil palms. It requires that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Annual Improvements Cycle 2010-2012

Amendments to IFRS 2 (Share-based payments – Definition of "vesting condition"), IFRS 3 (Business combinations – accounting for contingent consideration in a business combination), IFRS 8 (Operating segments – aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets), IFRS 13 (Fair value measurement – short-term receivables and payables), IAS 16 (Property, plant and equipment – revaluation method – proportionate restatement of accumulated depreciation), IAS 24 (Related party disclosures – key management personnel), and IAS 38 (Intangible assets – revaluation method – proportionate restatement of accumulated amortization). Effective 1 February 2015.

Annual Improvements Cycle 2011-2013

Amendments to IFRS 1 (First time adoption of International Financial Reporting Standards – meaning of effective IFRSs), IFRS 3 (Business combinations – scope of exception for joint ventures), IFRS 13 (Fair value measurement – scope of paragraph 52 (portfolio exception)), and IAS 40 (Investment property – clarifying the inter-relationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property). Effective 1 January 2015.

The adoption of these standards had no impact on the financial statements other than changes to disclosures.

(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 date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 27 (Amendments)	Equity method in Separate Financial Statements	1 January 2016
IFRS 2 (Amendments)	Classification and Measurement of Share-based payments	*1 January 2018
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	1 January 2016
IFRS 9	Financial Instruments	*1 January 2018
IFRS 10 (Amendments)	Contribution of Assets between an Investor and its Associate or Joint Venture	*^1 January 2016
IFRS 11 (Amendments)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 12 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 15	Revenue from Contracts with Customers	*1 January 2018
IFRS 16	Leases	*1 January 2019
Annual Improvements	2012 - 2014 Cycle	1 January 2016

* Subject to EU endorsement
^ Effective date deferred indefinitely

The Group is evaluating the impact of the new and amended standards above. The introduction of IFRS 9 may have an impact however an assessment of what the impact may be has not been undertaken at this stage.

2. Operating Loss

The operating loss is stated after charging:

		Group **Year ended 30 September 2016** **$'000**	**Group** **Year ended 30 September 2015** **$'000**
Auditors' remuneration	– audit services	38	33
	– other services	-	8
Directors' emoluments (Note 4)		206	207
Operating lease charges		104	117

In addition to the above, the Auditors charged $45,300 (2015 – $44,000) in relation to the associate. The costs were borne by the associate.

3. Taxation

	Group Year ended 30 September 2016 $'000	Group Year ended 30 September 2015 $'000
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(1,276)	(1,391)
Loss on ordinary activities at the UK standard rate of 20% (2015: 21%)	(255)	(278)
Effects:		
Share of operating loss of associate not taxable	238	200
Expenses not deductible for tax purposes	1	1
Tax losses carried forward not recognised	16	77
Total taxation	-	-

No deferred tax assets have been recognised (2015: nil). The Group has total carried forward losses of $9,790,065 (2015: $7,325,887). The taxed value of the unrecognised deferred tax asset is $1,958,013 (2015: $1,465,177) and these losses do not expire.

4. Directors' emoluments

	Salary Year ended 30 September 2016 $'000	Salary Year ended 30 September 2015 $'000
Michael Frayne	71	77
Geoffrey Brown	135	130
Lee Oi Hian (1)	-	-
Teh Sar Moh Nee (1)	-	-
Yap Miow Kien (1)	-	-
Total	206	207

All Directors' remuneration is paid in cash.

(1) KLK representatives not remunerated by the Company

5. Compensation of Key Management Personnel

	Group Year ended 30 September 2016 $'000	Group Year ended 30 September 2015 $'000
Short-term employee benefits	347	434
Social security costs	43	48
Total	390	482

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

6. Staff Costs (including Directors)

	Group Year ended 30 September 2016 $'000	Group Year ended 30 September 2015 $'000
Staff Costs		
Salaries & Wages	347	434
Social Security Costs	43	48
Total Staff Costs	390	482

The Group and Company averaged 3 employees during the year ended 30 September 2016 of which all were involved in administration activities (30 September 2015: 4).

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 2016 $'000	Group Year ended 30 September 2015 $'000
Loss for the year	(1,276)	(1,391)
Weighted average number of ordinary shares of 1p in issue	356.3 million	356.3 million
Loss per share – basic and diluted	(0.4) cents	(0.4) cents

Details of any potentially dilutive shares are included in the share based payment note, Note 17.

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. At 30 September 2016 a 10% movement of LIBOR would not have resulted 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. There is currently no revenue from CPO.

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 2016 a 10% revaluation of the Pound against the Dollar would have resulted in a US $49,200 increase or decrease in the net assets of the Group (30 September 2015: US$101,106).

Capital management policies

The Group considers its capital to be its ordinary share capital, share premium, other reserves, retained deficit and external borrowings. 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 2016	**30 September 2015**
	$'000	**$'000**
Interest in associate at beginning of year	**23,613**	**24,611**
Share of losses of associate	(1,191)	(998)
Interest in associate at end of year	**22,422**	**23,613**

The consolidated results of Liberian Palm Developments Limited for the year ended 30 September 2016 were as follows:

	30 September 2016	**30 September 2015**
	$'000	**$'000**
Non-current assets	90,143	75,657
Current assets	6,354	5,757
Non-current liabilities	(49,939)	(30,355)
Current liabilities	(1,714)	(3,834)
TOTAL NET ASSETS	**44,844**	**47,225**
Group's share (50%)	22,422	23,613
Income	-	-
Expenses	(2,382)	(1,996)
Loss after tax	**(2,382)**	**(1,996)**
Group's share (50%)	(1,191)	(998)

Subsidiaries and associates of Equatorial Palm Oil plc

Company	Country of Registration	Holding 30 September 2016	Holding 30 September 2016	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
EPO Liberia (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 2016 $'000	30 September 2015 $'000
Investment at beginning of year	**24,365**	**25,363**
Impairment	(1,191)	(998)
Investment at end of year	**23,174**	**24,365**

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 2016 $'000	Company 30 September 2015 $'000
Equatorial Biofuels (Guernsey) Limited	137	128
Total	137	128

The loans to subsidiaries are interest free and have 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 2016 $'000	Group 30 September 2015 $'000	Company 30 September 2016 $'000	Company 30 September 2015 $'000
Receivable due from associate	6,386	6,054	6,386	6,054
	6,386	6,054	6,386	6,054

The receivable due from the associate relates to a loan, denominated in USD, with a five-year term concluding on 6 November 2018, 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 $504,000 (2015: $470,000).

	30 September 2016 $'000	30 September 2015 $'000
Receivable due from associate at beginning of year	**6,054**	**5,537**
Funds loaned to associate	-	51
Interest paid by associate	(172)	-
Interest income accrued	504	466
Receivable due from associate at end of year	**6,386**	**6,054**

12. Revenue and Other Income

	Group 30 September 2016 $'000	Group 30 September 2015 $'000
Rental income	62	62
Other	4	-
Other Income	**66**	**62**
Management fees income	192	-
Revenue	**192**	**-**

13. Trade and other receivables

	Group 30 September 2016 $'000	Group 30 September 2015 $'000	Company 30 September 2016 $'000	Company 30 September 2015 $'000
Prepayments	8	2	8	2
VAT receivables	6	16	6	16
Other receivables	107	71	105	70
	121	89	119	88

The fair value of all receivables is the same as their carrying values stated above. As at 30 September 2016 all trade and other receivables were fully performing. 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	Group	Company	Company
	30 September 2016 $'000	30 September 2015 $'000	30 September 2016 $'000	30 September 2015 $'000
UK Pounds	120	88	119	88
US Dollars	1	1	-	-
	121	89	119	88

14. Trade and other payables

	Group	Group	Company	Company
	30 September 2016 $'000	30 September 2015 $'000	30 September 2016 $'000	30 September 2015 $'000
Trade payables	3	-	3	-
Other payables	91	64	91	64
	94	64	94	64

15. Called Up Share Capital

Allotted, called up and fully paid	30 September 2016 $'000	30 September 2015 $'000
356,277,502 (2015: 356,277,502) Ordinary shares of 1p each	5,598	5,598

During the year the Group did not issue any shares.

16. Share based payments

During the year ended 30 September 2016, no warrants or options were issued and there was no share based payment charge.

During the year ended 30 September 2015, no warrants or options were issued and there was no share based payment charge.

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options and warrants issued to Directors and employees as remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity, with a similar treatment being applied to consultants.

The assessed fair value of the warrants granted during the year ended 31 December 2013 was determined using the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following inputs to the model were used for the warrants issued in the year ended 31 December 2013:

Expected volatility	51%
Risk-free interest rate	0.24% – 0.58%
Share price at grant date	6.00p – 6.75p
Fair value per option	0.4p – 1.5p

The expected volatility is based upon the historical volatility of the Company and a basket of comparable companies, and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Warrants

Details of the warrants outstanding during the period are as follows:

	Number of warrants	**Weighted average exercise price**
Outstanding and exercisable at 1 October 2014	18,965,347	9.6p
Expired during the period	(14,148,757)	9.5p
Outstanding and exercisable at 30 September 2015	4,816,590	10.0p
Outstanding at 30 September 2015	4,816,590	10.0p
Expired during the year	(4,816,590)	10.0p
Outstanding and exercisable at 30 September 2016	nil	nil

As at 30 September 2016, there were no warrants to subscribe for Ordinary shares outstanding:

Share Options

Details of the options outstanding during the period are as follows:

	Number of share options	**Weighted average exercise price**
Outstanding at 1 October 2015	-	-
Expired during the period	-	-
Outstanding and exercisable at 30 September 2016	-	n/a

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 2016, 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 2016, US$10 million has been drawn down on this loan and no interest has been paid to date.

Recharges between EPO and LPD

For the year ended 30 September 2016, EPO recharged LPD $191,929 (2015: $nil) with no amount outstanding at year end (2015: $nil).

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 2016 and they are deemed to be the ultimate controlling entity.

19. Events After the Reporting Period

There have been no material events after the end of the reporting period.

20. Profit and Loss Account of the Parent Company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent Company has not been separately presented in these accounts. The parent Company comprehensive loss for the year was $1,269,000 (2015: $1,380,000).

BOARD OF DIRECTORS

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. Most recently Michael founded and was the joint managing director of GCM Resources plc. Michael is one of the founders of the Company, overseeing the company strategy, performing day-to-day executive duties and building the senior management team.

Geoffrey Brown (Executive Director)

Geoffrey Brown has over 40 years experience in the plantation sector. He joined Harrisons & Crosfield plc in Malaysia in 1962 where he was employed on various plantations 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 interest in 1994. In 1999 and 2000, he co-ordinated the expansion of oil palm plantations belonging to the Musim Mas Group in Indonesia and has since then been a consultant specialising in plantation management.

Mr Lee Oi Hian (Non-Executive Director)

Mr Lee Oi Hian has been the Chief Executive Officer of KLK since 2001. He joined KLK in 1974 as an executive and was appointed to the Board 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.

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