Registered Number 5555087

EQUATORIAL PALM OIL PLC

ANNUAL REPORT AND ACCOUNTS

For the year ended 30 September 2015

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CHAIRMAN'S STATEMENT

Introduction

At the beginning of calendar year 2015 all of our focus was towards being part of a coordinated effort, overseen by the Liberian Government and international health agencies, to contain and monitor the Ebola outbreak within Liberia. The last recorded Ebola outbreak in Liberia occurred in July 2015, but EPO remains vigilant to potential further infection. Our staff in Liberia are to be commended, as we did not have any Ebola on our estates; much that we do in Liberia is geared towards the health and safety of our employees and communities.

Liberian Palm Developments Limited ("LPD") – Operational Review

Debt Financing

On 27 January 2015, the Company announced that LPD had entered into a US$20.5m loan agreement with KLK Agro Plantations Pte Ltd ("KLK Agro") (the "Loan Agreement"), a wholly owned subsidiary of Kuala Lumpur Kepong Berhad ("KLK"), for the operations and funding for LPD. The term of the Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 per cent per annum.

Palm Bay and Butaw Estates

Progress continues to be made on our estates despite the challenges presented by Ebola and also the cessation of land development as a result of the high carbon stock ("HCS") study which is referred to below in greater detail.

LPD replanted out over 1,400 hectares of land, previously cleared, at both Palm Bay and Butaw estates during the financial year. In total, LPD has replanted over 7,300 hectares since 2011 which, given the challenges faced by the business, is a good achievement.

This year marks our 8th year as a Liberian employer, with many of our staff having progressed through our skills training schemes to lead key teams on the ground at both of our estates. LPD employs a small number of Indonesian staff on short term contracts to teach the domestic workforce the key skills in the management of an oil palm estate, including nursery work, field work, GPS survey and harvesting.

Port Access

On 10 August 2015, EPO announced that its operating subsidiary LIBINC Oil Palm Inc ("LIBINCO") signed a lease agreement with the National Port Authority of Liberia ("NPA") to lease land in order to build a palm product export facility at the port of Buchanan, which is 24km from EPO's Palm Bay estate.

The land leased at the port of Buchanan measures approximately 4.5 acres (the "Site") and is in close proximity to the wharf from which it is intended that vessels will load EPO's produce for onward shipment to its customers.

EPO's palm products, crude palm oil and crude palm kernel oil, will be trucked from Palm Bay estate to the port of Buchanan and stored at a tank farm which we intend to build on the Site. In time, the tank farm will hold up to 10,000MT of palm oil. Construction of the perimeter fencing to delineate the leased land will begin shortly.

The Port of Buchanan has been operating well for the last three years and is also a place of export for iron ore, logs and rubber.

LPD has also entered into discussions with the NPA with regard to securing land in the port of Greenville, which is close to Butaw estate, for the establishment of a tank farm and storage facility.

HCS Study

Alongside other major industry groups including KLK and Sime Darby Plantation, EPO, as a subsidiary of KLK, is taking part in a global independent study focussing on responsible land usage by palm oil operators.

Study conclusions are expected to provide clear parameters for the establishment of new plantations in non-arable areas. The key objectives of the study are to:

(i) clearly define what constitutes a HCS forest;

(ii) provide practical guidance on how to delineate HCS forests on the ground; and

(iii) establish thresholds for HCS that take account of regional socio-economic conditions and opportunities.

The HCS study is a component of the Sustainable Palm Oil Manifesto (the "Manifesto"), which was signed by oil palm growers Sime Darby Plantation, IOI Corporation Berhad, KLK, Musim Mas Group and Asian Agri, as well as global palm oil trader Apical Group Ltd and global agribusiness group Cargill. The Manifesto includes a commitment to no deforestation, creating traceable and transparent supply chains and protecting peat areas, whilst ensuring economic and social benefits for the local people and communities where oil palm is grown.

A steering committee, independently co-chaired by founder director of 'Forum for the Future', Sir Jonathon Porritt, and former Chief Research Scientist from Australia's Commonwealth and Scientific and Industrial Research Organisation (CSIRO), Dr John Raison, has been established to oversee the HCS study. Final conclusions are expected to be published in Q4 2015.

As part of its commitment to the process, EPO agreed to not develop any new areas of land during the period of the study. LPD did however plant out 1,400 hectares of land during the financial year. This land was previously planted with oil palm before the Liberian civil wars and had been cleared for replanting in 2014, which replanting had been delayed due to the Ebola outbreak.

As a member of the Roundtable on Sustainable Palm Oil ("RSPO"), EPO is already preserving areas deemed to be of high conservation value under the RSPO principles and criteria and furthermore following the key principle of free, prior, informed consent ("FPIC") relating to the development of all new areas.

EPO has provided a detailed response to the HCS study explaining that whatever the carbon threshold might be, the over-riding consideration of a HCS study for a very poor nation like Liberia must be socio-economic matters. Indeed our response can best be summarised by our overall summary that was submitted as part of the EPO response, as follows:

> *"West Africa contains some of the very poorest nations in the world, whose citizens' daily lives are lives of survival. Many of these countries have been through years of civil war; in Liberia, all the infrastructure of the country was destroyed in the wars, as was quite evident during the Ebola crisis. It cannot be right that a very poor country with no other industry in rural areas is prevented from developing agricultural industries because of a strict test on GHG emissions. Socio-economic interests must be at the forefront of any decision making process because there is no doubt whatsoever that oil palm development is the best chance for Liberia to alleviate the chronic poverty of its rural population."*

Ebola Update and the EPO Response

As has been well documented, the Ebola outbreak in West Africa is unquestionably the most severe acute public health emergency in modern times.

The first cases of the epidemic were reported in March 2014, with infections in Guinea closely followed by outbreaks in Sierra Leone and Liberia.

It was clear at the outset that those companies that had a presence in the Ebola affected countries needed to act fast and play a lead role in the co-ordination and communication with the outside world.

EPO joined together with a group which has now expanded to over 40 other private sector companies to form the Ebola Private Sector Coordination Group ("EPSCG"). The EPSCG's purpose is to be the focus point for the coordination and understanding of the disease across the West African private sector and be an efficient point of access for government, UN and NGOs to share information and collaborate with the private sector. Furthermore the EPSCG has been instrumental in focusing the attention of the plight of the affected countries to the world community at large which was initially slow to act. The EPSCG does not seek to replace or compete with any government, UN, NGOs or the like, but exists to ensure that these entities have a simple access point into the private sector.

Containing and recovery from the Ebola outbreak, be it individuals, communities or the whole region, requires a significant deployment of resources and coordination between local, national and international governments, the UN and various NGOs.

Since the announcement of the US government's decision, on 16 September 2014, to get involved in combatting Ebola in Liberia, international donors have provided hundreds of millions of dollars to support Ebola response activities in West Africa.

So far we have not had any instances of Ebola on or around our Palm Bay and Butaw estates where our operations are based in Liberia. We currently have over 1,500 persons employed, of whom 12 are expatriate staff. No expatriate employees left the country because of Ebola nor have any of them indicated that they wish to do so.

We have donated necessary medical equipment and supplies to the County Task Force in Grand Bassa, and Sinoe counties, where our concessions lie and also to the County Task Force of River Cess County. Furthermore our joint venture partner, KLK, from Malaysia donated US$110,000 together with other Malaysian oil palm corporates for the purchase of rubber gloves which is an essential item in the fight against the Ebola disease.

Corporate Social Responsibility ("CSR") and Sustainability

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

To that end, during the year, EPO launched a dedicated micro website for its sustainability and CSR activities. The micro website link can be found on the home page of the EPO website (www.epoil.co.uk) and is an efficient method to keep abreast of EPO's commitment to sustainability and CSR. Relevant articles, photos and videos are posted and updated, including information on EPO's reaction to the Ebola crisis.

In keeping with EPO's commitment to full transparency regarding our community relations work, in early June 2015, a team from sustainability and land consultants, CSR21.org, was invited to visit operations at Palm Bay and Butaw estates. The team visited villages and facilities throughout both concession areas, interviewing a number of EPO community members, concession residents and EPO staff. CSR21 and the Liberian NGO, Sustainable Development Institute, which represents some of the villages on Palm Bay estate, have been tasked with putting together a process to deal with any land issues.

Our workforce of 1,500 people is made up of at least 40% of whom are women. Our employees are trained by a number of oil palm experts recruited from Indonesia and Malaysia.

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 will meet with international sustainability standards, thereby enabling our CPO to be labelled “sustainable” palm oil.

Personnel

Our staff members are working in a very challenging environment as they look to not only drive the business forward but also fight Ebola. Our team in Liberia is ably led by Mr Sashi Nambiar as Country Manager, who 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 fight Ebola and continue with the growth of the business.

Financial Review

The loss of the Group for the year ended 30 September 2015 of US$1,391,000 (9 months ended 30 September 2014: US$1,143,000) was in line with expectations.

Cash held by the Group as at 30 September 2015 was US$987,000 (30 September 2014: US$2,061,000).

Outlook

The HCS study and final report is currently awaited by all stakeholders. Having been set up in Liberia since 2008, EPO understands the immense social and economic benefits that agricultural development can bring to rural communities and alleviate poverty. Furthermore, the will of the local communities in support of agricultural development should be a key factor in driving this forward.

In light of the immense challenges that our business has faced, we believe reaching over 7,300 hectares of our planted area is a significant achievement. We have a well-trained and motivated workforce in Liberia, which should not be underestimated as a key factor that we believe will drive value generation for shareholders going forward.

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 subsidiaries (the "Group") for the reported period include:

- Preventative and precautionary measures to fight the Ebola virus
- Stringent processes and procedures to ensure the health and safety of our employees being the absolute priority at all times
- 1,400 hectares planted at Palm Bay and Butaw Estates
- Lease signed at port of Buchanan with the National Port Authority
- US$20.5 million funding commitment for LPD from KLK Agro of which US$8 million remains undrawn
- Contributed to the HCS study and awaiting the outcomes of the report

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. Ebola is without doubt a horrific virus. But it is a virus that with the right understanding, precautions and processes in place should be avoidable and containable. We have introduced a number of preventative and precautionary measures at all our sites in accordance with Government guidelines. We have established numerous hand sterilisation points and provided "Thermo Flash" thermometers to check the temperature of both our workers and visitors to our locations. Our clinics are all equipped with isolation gowns, gloves and face masks for use, if necessary, in screening patients. Furthermore, our health clinic staff provide outreach services to neighbouring villages to ensure that everyone in the vicinity of our concession areas fully understand the necessary procedures that must be followed to prevent both the introduction of the disease and the prevention of infection.

Equatorial Palm Oil plc 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 Equatorial Palm Oil plc, these companies have made long term commitments to these countries and their people and intend to honour these commitments. Equatorial Palm Oil plc has regular meetings with the EPSMG as many of these companies have experiences that we can learn from to prevent this disease spreading.

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 certain 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 quarterly visits to Liberia to meet management and review progress.

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 2015.

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 2015 amounted to $1,391,000 (9 months ended 30 September 2014: Loss of $1,143,000).

The Directors do not propose the payment of a dividend.

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 but before the approval of these financial statements, being 30 September 2015, are set out in Note 18.

Going Concern

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

Based upon the Company's current cash balance, 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 27 January 2015, the Company announced that LPD had entered into a US$20.5m loan agreement with KLK Agro (the "Loan Agreement") to fund the operations of LPD. The term of the Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 percent per annum. During the year LPD drew down US$12.5 million from the Loan Agreement leaving a further US$8 million in debt financing available.

Based upon the current financial position of LPD, which held US$2 million in cash as at 30 September 2015 and, as mentioned above, can draw down a further amount of US$8 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 on substantially the same terms as the Model Code appended to the Listing Rules of the UKLA.

The Board

The Board meets regularly 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

13 November 2015

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 2015 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 2015 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 (senior statutory auditor)
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 2015 $'000	Period ended 30 September 2014 $'000
Revenue		-	-
Administrative expenses		(925)	(858)
Operating loss	2	(925)	(858)
Interest income	11	470	313
Other income		62	-
Share of operating loss of associate	9	(998)	(598)
Loss for the year before and after taxation attributable to owners of the parent	3	(1,391)	(1,143)
Other comprehensive income			
Items that will or may be reclassified to profit or loss			
Exchange (losses) / gains arising on translation of foreign operations		(93)	88
Total comprehensive income for the year attributable to owners of the parent		**(1,484)**	**(1,055)**
Loss per share expressed in cents per share			
- Basic & diluted	7	(0.4) cents	(0.3) cents

The notes on pages 22 to 36 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
Registered Number 5555087

	Note	As at 30 September 2015 $'000	As at 30 September 2014 $'000
ASSETS			
Non-current assets			
Investment in associate	9	23,613	24,611
Receivables from associate	11	6,054	5,537
		29,667	30,148
Current assets			
Trade and other receivables	12	89	67
Cash & cash equivalents		987	2,061
		1,076	2,128
LIABILITIES			
Current liabilities			
Trade and other payables	13	64	113
		64	113
Net current assets		1,012	2,015
NET ASSETS		30,679	32,163
SHAREHOLDERS' EQUITY			
Share capital	14	5,598	5,598
Share premium		46,791	46,791
Warrant and option reserve	15	108	729
Foreign exchange reserve		616	709
Retained loss		(22,434)	(21,664)
Total equity		30,679	32,163

The financial statements were approved by the Board of Directors on 13 November 2015 and were signed on its behalf by:

Michael Frayne
Chairman

The notes on pages 22 to 36 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2015 $'000	As at 30 September 2014 $'000
ASSETS			
Non-current assets			
Investment in subsidiaries	9	24,365	25,363
Loans to subsidiaries	10	128	116
Receivables from associate	11	6,054	5,537
		30,547	31,016
Current assets			
Trade and other receivables	12	88	67
Cash & cash equivalents		987	2,061
		1,075	2,128
LIABILITIES			
Current liabilities			
Trade and other payables	13	64	113
		64	113
Net current assets		1,011	2,015
NET ASSETS		31,558	33,031
SHAREHOLDERS' EQUITY			
Share capital	14	5,598	5,598
Share premium		46,791	46,791
Warrant and option reserve	15	108	729
Foreign exchange reserve		616	709
Retained loss		(21,555)	(20,796)
Total equity		31,558	33,031

The financial statements were approved by the Board of Directors on 13 November 2015 and were signed on its behalf by:

Michael Frayne
Chairman

The notes on pages 22 to 36 form part of these financial statements.

STATEMENT OF CASH FLOWS

	Group	Group	Company	Company
	Year ended 30 September 2015 $'000	Period ended 30 September 2014 $'000	Year ended 30 September 2015 $'000	Period ended 30 September 2014 $'000
Cash flows from operating activities				
Loss for the year before and after taxation	(1,391)	(1,143)	(1,380)	(1,134)
Decrease / (increase) in receivables	(22)	61	(21)	61
(Decrease) / increase in payables	(49)	(282)	(49)	(282)
Interest income	(470)	(313)	(470)	(313)
Other income	(62)	-	(62)	-
Share of operating loss of associate / joint venture	998	598	998	598
Net cash outflow from operating activities	(996)	(1,079)	(984)	(1,070)
Cash flows from investing activities				
Funds invested in and loaned to associate	(51)	(7,574)	(63)	(7,574)
Interest income received	3	-	3	-
Other income received	26	-	26	-
Net cash outflow from investing activities	(22)	(7,574)	(34)	(7,574)
Cash flows from financing activities				
Issue of ordinary share capital	-	262	-	262
Net cash inflow from financing activities	-	262	-	262
Net (decrease) / increase in cash and cash equivalents	(1,018)	(8,391)	(1,018)	(8,382)
Cash and cash equivalents at beginning of period	2,061	10,364	2,061	10,364
Exchange gains on cash and cash equivalents	(56)	88	(56)	79
Cash and cash equivalents at end of period	987	2,061	987	2,061

The notes on pages 22 to 36 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 1 January 2014	**5,565**	**46,562**	**621**	**1,810**	**(21,602)**	**32,956**
Share capital issued (Note 14)	33	229	-	-	-	**262**
Exercise and expiry of warrants and options	-	-	-	(1,081)	1,081	**-**
Loss for the period	-	-	-	-	(1,143)	**(1,143)**
Other comprehensive income for the period	-	-	88	-	-	**88**
As at 30 September 2014	**5,598**	**46,791**	**709**	**729**	**(21,664)**	**32,163**
Exercise and expiry of warrants and options	-	-	-	(621)	621	**-**
Loss for the period	-	-	-	-	(1,391)	**(1,391)**
Other comprehensive income for the period	-	-	(93)	-	-	**(93)**
As at 30 September 2015	**5,598**	**46,791**	**616**	**108**	**(22,434)**	**30,679**

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 36 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 1 January 2014	**5,565**	**46,562**	**621**	**1,810**	**(20,743)**	**33,815**
Share capital issued (Note 14)	33	229	-	-	-	**262**
Exercise and expiry of warrants and options	-	-	-	(1,081)	1,081	**-**
Loss for the period	-	-	-	-	(1,134)	**(1,134)**
Other comprehensive income for the period	-	-	88	-	-	**88**
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 period	-	-	-	-	(1,380)	**(1,380)**
Other comprehensive income for the period	-	-	(93)	-	-	**(93)**
As at 30 September 2015	**5,598**	**46,791**	**616**	**108**	**(21,555)**	**31,558**

The notes on pages 22 to 36 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the year ended 30 September 2014 to 30 September 2015

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 2015 were authorised for issue by the Board of Directors on 13 November 2015 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.

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 Equatorial Palm Oil plc 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 has adopted an accounting policy for its interest in Liberian Palm Developments Limited ("LPD"), as 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. 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	4%
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 rehabilitated 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 trees.

Oil palms which are not yet mature at the accounting date, and hence are not producing fresh fruit bunches ("FFB"), are valued at cost as an approximation of fair value.

Mature oil palms which are producing FFB are carried at fair value.

Plantation development costs comprise all rehabilitated 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 either charged against the statement of financial position or charged to the consolidated statement of comprehensive income and amortised over the remaining vesting period, the relevant treatment will depend on the nature of the service rendered.

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.

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 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 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.

The key areas where management judgement has been applied are:

(a) Biological assets – the immature plantation and other biological assets which have not yet begun harvesting have been recognised at cost as an approximation to fair value.

(b) Share-based payments – management assesses the fair value of each option using an appropriate pricing model based on option and share prices, volatility and the life of the option (see Note 15). If the vesting date is dependent on a non-market performance condition, the timing of the future performance condition is estimated at each balance sheet date and the cumulative share option charge is adjusted accordingly, the movement being reflected in the income statement.

Adoption of new and amended Accounting Standards

(i) Accounting developments during 2015

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 September 2015 but did not result in any material changes to the financial statements of the Group or Company.

(ii) Accounting developments not yet adopted

Various new standards and amendments have been issued by the IASB up to the date of this report which are not applicable until future periods and some have not yet been endorsed by the European Union. Other than the following amendments to IAS 41, the Directors do not expect these will have a material impact on the financial statements of the Group or Company.

Amendments to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' regarding bearer plants: These amendments change the financial reporting for bearer plants, which include oil palms. The IASB decided that bearer plants should be accounted for in the same way as 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.

2. Operating Loss

The operating loss is stated after charging:

		Group	Group
		Year ended 30 September 2015 $'000	**Period ended 30 September 2014 $'000**
Auditors' remuneration	– audit services	33	47
	– other services	8	-
Directors' emoluments (Note 4)		207	305
Operating lease charges		117	46

In addition to the above, the Auditors charged $44,000 (2014 – $55,000) in relation to the associate. The costs were borne by the associate.

3. Taxation

	Group	Group
	Year ended 30 September 2015 $'000	**Period ended 30 September 2014 $'000**
Factors affecting the tax charge for the period		
Loss on ordinary activities before tax	(1,391)	(1,143)
Loss on ordinary activities at the UK standard rate of 20% (2014: 21%)	(278)	(240)
Effects:		
Share of operating loss of associate not taxable	200	126
Expenses not deductible for tax purposes	1	2
Tax losses carried forward not recognised	77	112
Total taxation	-	-

Due to changes in UK tax legislation the applicable tax rate has changed from 21% to 20% with effect from 1 April 2015. No deferred tax assets have been recognised (2014: nil). The Group has total carried forward losses of $7,325,887 (2014: $6,936,003). The taxed value of the unrecognised deferred tax asset is $1,465,177 (2014: $1,456,560).

4. Directors' emoluments

	Salary Year ended 30 September 2015 $'000	Salary Period ended 30 September 2014 $'000
Michael Frayne	77	119
Anthony Samaha [(1)]	-	21
Geoff Brown	130	148
Joseph Jaoudi [(2)]	-	17
Lee Oi Hian [(3)]	-	-
Teh Sar Moh Nee [(3)]	-	-
Yap Miow Kien [(3)]	-	-
Total	207	305

All Directors' remuneration is paid in cash.

(1) Anthony Samaha resigned on 24 February 2014
(2) Joseph Jaoudi resigned on 31 January 2014
(3) KLK representatives not remunerated by the Company

5. Compensation of Key Management Personnel

	Group Year ended 30 September 2015 $'000	Group Period ended 30 September 2014 $'000
Short-term employee benefits	434	515
Social security costs	48	56
Total	482	571

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

6. Staff Costs (including Directors)

	Group Year ended 30 September 2015 $'000	Group Period ended 30 September 2014 $'000
Staff Costs		
Salaries & Wages	434	515
Social Security Costs	48	56
Total Staff Costs	482	571
Staff Costs Capitalised	-	-
Total Staff Cost Expense	482	571

The Group and Company averaged 2 employees during the year ended 30 September 2015 of which all were involved in administration activities (30 September 2014: 7).

7. Loss Per Share

The basic loss per share is derived by dividing the loss for the period 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, a diluted earnings per share is not included.

	Group	**Group**
	Year ended 30 September 2015 $'000	**Period ended 30 September 2014 $'000**
Loss for the period	(1,391)	(1,143)
Weighted average number of Ordinary shares of 1p in issue	356.3 million	355.4 million
Loss per share – basic	(0.4) cents	(0.3) cents

Details of any potentially dilutive shares are included in the share based payment note, Note 16.

8. Financial Instruments

The Group (including the Company, its subsidiary and its interest in Liberian Palm Developments Limited) 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, from which financial instrument risk arises are as follows:

- Receivables from associate;
- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables;
- Short term loans receivable; and
- Short term loans payable.

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.

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 2015 a 10% revaluation of the Pound against the Dollar would have resulted in a US $101,106 increase or decrease in the net assets of the Group (30 September 2014: US$188,902).

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 Liberian Palm Developments Limited ("LPD").

During the prior period, 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 2015 $'000	30 September 2014 $'000
Interest in associate at beginning of period	**24,611**	**17,708**
Investment in associate	-	7,500
Share of losses of associate	(998)	(598)
Interest in associate at end of period	**23,613**	**24,611**

The consolidated results of Liberian Palm Developments Limited for the period ended 30 September 2015 were as follows:

	30 September 2015 $'000	30 September 2014 $'000
Non-current assets	75,657	54,093
Current assets	5,757	11,989
Non-current liabilities	(30,355)	(14,884)
Current liabilities	(3,834)	(1,976)
TOTAL NET ASSETS	**47,225**	**49,222**

Group's share (50%)	23,613	24,611
Income	-	105
Expenses	(1,996)	(1,300)
Loss after tax	**(1,996)**	**(1,195)**
Group's share (50%)	(998)	(598)

Subsidiaries and associates of Equatorial Palm Oil plc

Company	Country of Registration	Holding 30 September 2015	Holding 30 September 2014	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% hold by Equatorial Biofuels (Guernsey) Limited
(2) 100% hold by Liberian Palm Developments Limited
(3) 100% hold by EPO (Mauritius) Limited
(4) 100% hold by EBF (Mauritius) Limited

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

	30 September 2015 $'000	30 September 2014 $'000
Investment at beginning of period	**25,363**	**18,460**
Investment in associate (2013 – joint venture)	-	7,500
Impairment	(998)	(598)
Investment at end of period	**24,365**	**25,363**

The impairment of the Company's investment reflects the share of losses incurred during the period.

10. Loans to Subsidiaries

	Company 30 September 2015 $'000	Company 30 September 2014 $'000
Equatorial Biofuels (Guernsey) Limited	128	116
Total	128	116

The loans to subsidiaries are interest free and have no fixed repayment date. They are denominated in UK Pounds and are repayable on demand. 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 2015 $'000	Group 30 September 2014 $'000	Company 30 September 2015 $'000	Company 30 September 2014 $'000
Receivable due from associate	6,054	5,537	6,054	5,537
	6,054	5,537	6,054	5,537

The receivable due from the associate relates to a loan, with a five-year term, 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 period amounted to $470,000 (2014: $313,000).

	30 September 2015 $'000	30 September 2014 $'000
Receivable due from associate at beginning of period	**5,537**	**5,150**
Funds loaned to associate	51	74
Interest income	466	313
Receivable due from associate at end of period	**6,054**	**5,537**

12. Trade and other receivables

	Group 30 September 2015 $'000	Group 30 September 2014 $'000	Company 30 September 2015 $'000	Company 30 September 2014 $'000
Prepayments	2	-	2	-
VAT receivables	16	28	16	28
Other receivables	71	39	70	39
	89	67	88	67

The fair value of all receivables is the same as their carrying values stated above. As at 30 September 2015 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 2015 $'000	30 September 2014 $'000	30 September 2015 $'000	30 September 2014 $'000
UK Pounds	88	67	88	67
US Dollars	1	-	-	-
	89	67	88	67

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

13. Trade and other payables

	Group	Group	Company	Company
	30 September 2015 $'000	30 September 2014 $'000	30 September 2015 $'000	30 September 2014 $'000
Trade payables	-	51	-	51
Other payables	64	62	64	62
	64	113	64	113

14. Called Up Share Capital

Allotted, called up and fully paid	30 September 2015 $'000	30 September 2014 $'000
356,277,502 (2014: 356,277,502) Ordinary shares of 1p each	5,598	5,598

During the year the Group did not issue any shares. In 2014 the Group issued 1,950,000 shares at an average price of 8 pence per share, which equates to cents 13.4 cents per share.

15. Share based payments

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

During the period ended 30 September 2014, 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 January 2014	30,915,347	9.0p
Exercised during the period	(1,950,000)	8.0p
Expired during the period	(10,000,000)	8.0p
Outstanding and exercisable at 30 September 2014	18,965,347	9.6p
Outstanding at 30 September 2014	18,965,347	9.6p
Expired during the year	(14,148,757)	9.5p
Outstanding and exercisable at 30 September 2015	4,816,590	10.0p

As at 30 September 2015, the following warrants to subscribe for Ordinary shares were outstanding:

Category	**Over Number of Shares**	**Expiry Date**
Jul-16 Warrants, exercisable at 10.0p	4,816,590	16 July 2016
Total	4,816,590	16 July 2016

As at 30 September 2015, the Directors had warrants to subscribe for Ordinary shares at 10.0p as set out in the table below:

Directors	**Number of Jul-16 Warrants**	**Total number**
Michael Frayne	4,816,590	4,816,590
		4,816,590

Share Options

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

	Number of share options	**Weighted average exercise price**
Outstanding at 1 January 2014	9,770,200	17.5p
Expired during the period	(9,770,200)	17.5p
Outstanding and exercisable at 30 September 2015	-	n/a

16. 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 Plantations Pte Ltd ("KLK Agro") (the "Loan Agreement"), a wholly owned subsidiary of KLK, for the operations and funding for LPD. The term of the Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR + 5 percent per annum.

Loans to Subsidiaries and Receivables from Associates

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

17. 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 2015 and they are deemed to be the ultimate controlling entity.

18. Events After the Reporting Period

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

19. 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 loss for the period was $1,380,000 (2014: $1,134,000).

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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