

15 May 2017

**EQUATORIAL PALM OIL PLC**

("EPO", the "Company" or, together with its subsidiaries and associates, the "Group")

**Interim Results for the six months ended 31 March 2017**

Equatorial Palm Oil plc (AIM: PAL), the AIM quoted palm oil production company with operations in Liberia, West Africa, announces its unaudited interim results for the six months ended 31 March 2017 (the "Period"). EPO is supported by its 63 per cent. shareholder and venture partner Kuala Lumpur Kepong Berhad ("KLK"), a Malaysian corporation, in developing a new sustainable palm oil operation in Liberia through investment in its plantations, training and infrastructure.

**Highlights:**

- Amendments to the Group's Concession Agreements agreed with the Government of Liberia providing for an additional five-year duty and tax free period and a corresponding extension to the total time period for the 50 year concessions
- Construction of the new 60 metric tonne per hour ("mt/hr") palm oil mill at Palm Bay estate commenced in April 2016
- Sales of small quantities of fresh fruit bunches ("FFB") commenced in January 2017
- Sustainability Report 2016 released
- EPO adopts the High Carbon Stock Approach methodology and carried out High Carbon Stock ("HCS") assessment in establishing clear parameters, alongside stakeholders, for the development of new plantations
- Post period end: Mr Lee Guo Zhang appointed to the board of the Company.

**Michael Frayne, Non-Executive Chairman of EPO, commented:**

*"We continue to make steady progress in Liberia and have the full support of the Government of Liberia as was evidenced by the recent amendments made to our Concession Agreements to allow for an additional 5 years of tax and duty free periods.*

*"The commencement of construction of the new 60 mt/hr palm oil mill at Palm Bay estate was a significant milestone for the Company. With commissioning of the new mill likely to take place in the second half of 2018, we will begin to start training our staff in all the new skills required for the development and operation of the mill on a stage by stage basis.*

*"The sustainable palm oil business is a long-term commitment to the Government of Liberia and its people, and the Company maintains its unwavering support for the agricultural industry in Liberia through partnering with all stakeholders."*

**For further information, please contact:**

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**CHAIRMAN'S STATEMENT**

The Group focussed on further progressing its oil palm assets in Liberia, West Africa, and setting the foundations for its large-scale development. The Group's oil palm estates, are held through Liberian Palm Developments Limited ("LPD"), an associate company owned in equal proportion by EPO and KLK.

**Liberian Palm Developments Limited**

**Amendment to Concession Agreements - Extension of Tax and Duty Free Periods**

On 17 March 2017, the Group announced that its tax and duty free allowance had been extended for a further five years under the concession agreements granted to LPD's subsidiaries for the development of its two existing oil palm estates at Palm Bay and Butaw (the "Concession Agreements.>").

The Concession Agreements became effective on 6 August 2008 and were granted for a term of 50 years. In accordance with the Concession Agreements, LPD's subsidiaries were granted certain tax and duty free status for the first seven years of operations

("Rehabilitation Term").

As a consequence of factors outside of the Group's control, which resulted in slower than planned development of the concession areas, the Government of Liberia approved an amendment to the Concession Agreements for both of LPD's Liberian subsidiaries being Libinc Oil Palm Inc. (Palm Bay estate) and Liberia Forest Products Inc (Butaw estate).

The amendments, which were ratified by the Liberian legislature and authorised by the President of Liberia, extend the Rehabilitation Term for a further five years from 27 February 2017 for Libinc Oil Palm Inc and 14 March 2017 for Liberia Forest Products Inc, which are the dates on which the amendments to the Concession Agreements became effective. The extension of the Rehabilitation Term by 5 years has resulted in the term of the Concession Agreements also being extended by a similar period and both shall now end on 6 August 2063 being the fifty-fifth anniversary of the effective date of the Concession Agreements.

Since 2008, the Group has spent over US\$100m in developing its oil palm operations in Liberia. With crude palm oil production scheduled to commence during the second half of 2018 ("2H2018") from our new 60 mt/hr palm oil mill currently being built on Palm Bay estate. This timely extension to the Rehabilitation Term reinforces the Government of Liberia's commitment to foreign investors.

#### **Construction Update on new 60 mt/hr Palm Oil Mill**

On 13 April 2016, the Group announced that LPD is to construct a 60 mt/hr palm oil mill ("POM") to be located at the Palm Bay estate, and I am pleased to report that construction is now well underway. The mill is being constructed in a modular fashion, with the first of two lines of 30 mt/hr currently under construction, and is anticipated to be operational in the 2H2018. The first phase of the mill, being the first 30MT line, is fully funded from the loan to LPD provided by KLK on 5 September 2016 and the balance of funding required for the second 30mt/hr line is expected to be sourced on a similar debt funded basis.

The construction of the POM is a very significant project for the communities in which we operate and for the Liberian Government. This is particularly true in light of the recent downturn in the prices of many commodities, which has led the Liberian Government to put a greater emphasis on development of the agriculture sector in view of its long term sustainability.

Palm Bay is located 24km from the port of Buchanan, where LPD has leased approximately 4.5 acres in close proximity to the wharf from the National Port Authority for a tank farm and export facility (the "Site"), from which it is intended that vessels will load EPO's produce for onward shipment to its customers.

The Group's palm products, comprising crude palm oil, crude palm kernel oil and palm kernel cake, will be trucked from the Palm Bay estate to the port of Buchanan and stored at the tank farm which LPD intends to build on the Site. Construction of the tank farm will soon commence where LPD will build initial capacity for 2,500 MT of storage capacity for palm oil and related products and is planned for completion in 2H 2018. In time, the tank farm is expected to hold up to 10,000MT of palm oil.

Work has been ongoing at both Palm Bay and Butaw estates, tending to the already 7,600 ha planted since 2011. Since January 2017, LPD has begun making small sales of fresh fruit bunches ("FFB") from its newly maturing oil palms at Palm Bay estate to a local oil palm developer who has an existing mill and also local farmers in the area. The sales volumes are currently relatively small, being less than 100 mt of FFB per day, and as soon as the POM is in operation, these sales of FFB will cease and LPD will process all of its FFB at the new mill on Palm Bay estate.

#### **Corporate Social Responsibility ("CSR") and Sustainability**

During the Period, the Group released its Sustainability Report 2016, which is intended to provide an update on EPO's Sustainability Report 2015. This 2016 publication is an interim report which provides an update on the Group's community work in Liberia, illustrating the Group's CSR activities following the detailed report released in 2015. The 2016 report reviews projects to date and details how the Group has resolved some of the land rights issues experienced in Liberia. The report can be found at: <http://www.epoil.co.uk/uploads/epo-sustainability-report-2016.pdf>

The report also addresses:

- The Group's commitment to the Roundtable on Sustainable Palm Oil ("RSPO"), including the key principle of free, prior informed consent ("FPIC") from communities as essential for land development
- The Group's plans to help make the certified sustainable palm oil industry the basis of stable, long term economic development in Liberia
- EPO and the World Bank Smallerholder Tree Crop Revitalisation Project
- Human Rights Impact Assessment being commissioned
- The Group's tax and royalty regime, employment and training policy
- "Concession Company of the Year 2016" awarded by The Inquirer newspaper in Liberia
- Case study: EPO schools and clinics
- Data outlining all EPO CSR initiatives for an illustrative time period

#### **RSPO**

EPO has been a member of the RSPO since 2007 and adheres to all international best practice standards for plantation development, including free, prior and informed consent of the communities in which it operates.

The Group has consistently adopted best practices and procedures to ensure that the CPO ("Crude Palm Oil") produced from our new plantings will meet with international sustainability standards, thereby enabling our CPO to be labelled "sustainable" palm oil.

We note that, from March 2017, EPO's membership of the RSPO will be retained through KLK's membership, due to KLK's holding in EPO following a recent change in the RSPO membership rules. KLK has been a member of the RSPO since 2004, and EPO's status and contribution to the RPSO will be unaffected by this change.

#### **Appointment of Director**

On 10 May 2017, the Company announced the appointment of Mr Lee Guo Zhang as a director of the Company. Guo Zhang joined KLK in 2010 as an executive. He has experience across various departments in KLK and was promoted to his current position as a Senior Manager in the Plantations Division in 2015. We very much welcome Guo Zhang onto the board and his guidance and input will be extremely valuable for the Company and we draw nearer to completion of the first stage of our new 60 mt per hour palm oil mill at Palm Bay estate and production in 2018.

#### **Financial Review**

The loss of the Group for the six months ended 31 March 2017 of US\$1,115,000 (31 March 2016: US\$507,000) was in line with expectations. Cash held by the Group as at 31 March 2017 was US\$296,000 (30 September 2016: US\$465,000).

#### **Summary and Outlook**

The additional five-year duty and tax free periods, and corresponding term extensions, under our two Concession Agreements was a significant achievement by our senior management team led by Geoffrey Brown and Sashi Nambiar. The Government of Liberia has demonstrated its commitment to developing the agriculture sector in Liberia and this is an excellent outcome for not only the Group and its stakeholders, but also for foreign investors looking to invest in Liberia.

The commissioning of the new 60 mt/hr palm oil mill in the second half of 2018 will be a huge step towards cementing the Group as one of the leading sustainable palm oil producers in West Africa. We believe the Group will be an excellent example in demonstrating the significant social and economic benefits that agricultural development can bring, and we are proud to play a part in this process.

**Michael Frayne**  
Chairman  
15 May 2017

### **INDEPENDENT REVIEW REPORT TO EQUATORIAL PALM OIL PLC**

#### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 which comprises the group statement of comprehensive income, the group statement of financial position, the group cash flow statement, the group statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

#### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

#### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

**BDO LLP**  
Chartered Accountants and Registered Auditors  
Location  
United Kingdom

Date: 15 May 2017

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

**EQUATORIAL PALM OIL PLC**  
**GROUP STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

		Period ended 31 March 2017	Period ended 31 March 2016	Year ended 30 September 2016
	Note	(unaudited) \$'000	(unaudited) \$'000	(audited) \$'000
Revenue		81	86	192
Administrative expenses		(328)	(412)	(847)
<b>Operating loss</b>		<b>(247)</b>	<b>(326)</b>	<b>(655)</b>
Interest income		256	248	504
Other income		22	28	66
Share of operating loss of associate	3	(1,146)	(457)	(1,191)
<b>Loss for the period before and after taxation attributable to owners of the parent</b>		<b>(1,115)</b>	<b>(507)</b>	<b>(1,276)</b>
<b>Other comprehensive income</b>				
Exchange losses arising on translation of foreign operations		(16)	(46)	(100)
<b>Total comprehensive income for the period attributable to owners of the parent</b>		<b>(1,131)</b>	<b>(553)</b>	<b>(1,376)</b>
Loss per share expressed in cents per share				
- Basic	2	(0.3) cents	(0.1) cents	(0.4) cents

**EQUATORIAL PALM OIL PLC**  
**GROUP STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

		31 March 2017 (unaudited)	30 September 2016 (audited)
	Note	\$'000	\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3	3
Investment in associate	3	21,276	22,422
Receivables from associate		6,508	6,386
		<b>27,787</b>	<b>28,811</b>
<b>Current assets</b>			
Trade and other receivables		150	121
Cash & cash equivalents		296	465
		<b>446</b>	<b>586</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		61	94

		61	94
<b>Net current assets</b>		<b>385</b>	492
<b>NET ASSETS</b>		<b>28,172</b>	29,303
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	5,598	5,598
Share premium		46,791	46,791
Warrant and option reserve	5	-	-
Foreign exchange reserve		500	516
Retained loss		(24,717)	(23,602)
<b>Total equity</b>		<b>28,172</b>	29,303

**EQUATORIAL PALM OIL PLC**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

	Period ended 31 March 2017 (unaudited) \$'000	Period ended 31 March 2016 (unaudited) \$'000	Year ended 30 September 2016 (audited) \$'000
<b>Cash flows from operating activities</b>			
Loss for the year before and after taxation	(1,115)	(507)	(1,276)
Depreciation	-	-	1
Increase in receivables	(16)	(93)	(9)
Decrease in payables	(23)	(34)	35
Interest income	(256)	(248)	(504)
Other income	(22)	(27)	(62)
Share of operating loss of associate	1,146	457	1,191
Net cash outflow from operating activities	(286)	(452)	(624)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	-	(3)	(3)
Funds loaned to associate	(91)	(38)	(5)
Interest income received	216	1	172
Other income received	9	11	38
Net cash inflows/(outflow) from investing activities	134	(29)	202
<b>Cash flows from financing activities</b>			
Net cash inflow from financing activities	-	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(152)</b>	<b>(481)</b>	<b>(422)</b>
Cash and cash equivalents at beginning of period	465	987	987
Exchange losses on cash and cash equivalents	(17)	(48)	(100)
<b>Cash and cash equivalents at end of period</b>	<b>296</b>	<b>458</b>	<b>465</b>

**EQUATORIAL PALM OIL PLC**  
**GROUP STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

Called up Share Foreign Warrant and

	share capital \$'000	premium reserve \$'000	exchange reserve \$'000	option reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited						
<b>As at 1 October 2015</b>	<b>5,598</b>	<b>46,791</b>	<b>616</b>	<b>108</b>	<b>(22,434)</b>	<b>30,679</b>
Loss for the period					(507)	(507)
Total comprehensive income for the period			(46)			(46)
<b>As at 31 March 2016</b>	<b>5,598</b>	<b>46,791</b>	<b>570</b>	<b>108</b>	<b>(22,941)</b>	<b>30,126</b>
Audited						
<b>As at 1 October 2015</b>	<b>5,598</b>	<b>46,791</b>	<b>616</b>	<b>108</b>	<b>(22,434)</b>	<b>30,679</b>
Expiry of warrants and options	-	-	-	(108)	108	-
Loss for the period	-	-	-	-	(1,276)	(1,276)
Other comprehensive income for the year	-	-	(100)	-	-	(100)
<b>As at 30 September 2016</b>	<b>5,598</b>	<b>46,791</b>	<b>516</b>	<b>-</b>	<b>(23,602)</b>	<b>29,303</b>
Unaudited						
<b>As at 1 October 2016</b>	<b>5,598</b>	<b>46,791</b>	<b>516</b>	<b>-</b>	<b>(23,602)</b>	<b>29,303</b>
Loss for the period	-	-	-	-	(1,115)	(1,115)
Other comprehensive income for the year	-	-	(16)	-	-	(16)
<b>As at 31 March 2017</b>	<b>5,598</b>	<b>46,791</b>	<b>500</b>	<b>-</b>	<b>(24,717)</b>	<b>28,172</b>

**EQUATORIAL PALM OIL PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

**1. Basis of preparation**

These consolidated financial statements have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements but have been prepared in accordance with policies expected to be applied in the 2017 Annual Report and should be read in conjunction with the 2016 Annual Report. The financial information for the half year ended 31 March 2017 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The annual financial statements of Equatorial Palm Oil plc are prepared in accordance with IFRSs as adopted by the European Union. The comparative financial information for the year ended 30 September 2016 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2016 have been filed with the Registrar of Companies. The Independent Auditors' Report on that Annual Report and Financial Statement for 2016 was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the Group's latest annual audited financial statements. In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

The financial statements have been prepared on a going concern basis. Based upon the Company's current cash balance and expectation of cash receipts from interest income, 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, KLK previously provided a letter of support to LPD in November 2016 which states that KLK will provide further funding as necessary in order for LPD to continue its normal operations, although this has not been updated, the Board do not consider there to be any reason to believe this would not continue.

**2. 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.

	<b>Period ended</b> <b>31 March 2017</b> <b>(unaudited)</b> <b>\$'000</b>	Period ended 31 March 2016 (unaudited) \$'000	Year ended 30 September 2016 (audited) \$'000
Loss for the period	<b>(1,115)</b>	(507)	(1,276)
Weighted average number of Ordinary shares of 1p in issue	<b>356.3 million</b>	356.3 million	356.3 million
Loss per share - basic	<b>(0.3) cents</b>	(0.1) cents	(0.4) cents

### 3. Investment in associate

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

In 2014 a new Joint Venture Agreement ("JVA") was signed pursuant to which cash and funding commitments of up to \$35.5m were made available to be provided to LPD. The Company and KLK each subscribed for US\$7.5m of new equity in LPD and KLK committed to providing up to US\$20.5m in further funding. 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.

In January 2015, LPD entered into a \$20.5m loan agreement ("Loan Agreement") with KLK Agro Plantations Pte Ltd ("KLK Agro"), a wholly owned subsidiary of KLK, for operations and funding. The term of the Loan Agreement is 5 years and the interest rate is 3-months USD LIBOR plus 5 per cent per annum.

In April 2016, the Group announced the commissioning of a 60 metric tonne per hour ("mt/hr") palm oil mill ("POM") of which the stage 1 will be to install a 30mt/hr POM, anticipated to be operational in 2018, which will cost approximately US\$20m and is to be funded by debt finance which our major shareholder and venture partner KLK is arranging on commercial arm's length terms. The balance of funding for the stage 2 second 30mt/hr line will be sought closer to the time of commissioning on a similar debt funded basis.

As at 31 March 2017 the Company had US\$6,508,000 (31 March 2016: US\$6,347,000) in receivables due from the associate, on which interest of US\$256,000 accrued during the period (31 March 2016: US\$248,000).

The Company's interest in LPD is as follows:

	<b>\$'000</b>
<b>Interest in associate at 1 October 2015</b>	<b>23,613</b>
Share of losses of associate	(457)
<b>Interest in associate at 31 March 2016</b>	<b>23,156</b>
<b>Interest in associate at 1 October 2015</b>	<b>23,613</b>
Share of losses of associate	(1,191)
<b>Interest in associate at 30 September 2016</b>	<b>22,422</b>
<b>Interest in associate at 1 October 2016</b>	<b>22,422</b>
Share of losses of associate	(1,146)
<b>Interest in associate at 31 March 2017</b>	<b>21,276</b>

The balance sheet and results of Liberian Palm Developments Limited for the period of six months to 31 March 2017 were as follows:

	<b>31 March 2017</b> (unaudited) <b>\$'000</b>	31 March 2016 (unaudited) \$'000	30 September 2016 (audited) \$'000
Non-current assets	<b>96,744</b>	83,339	90,143
Current assets	<b>10,097</b>	3,767	6,354
Non-current liabilities	<b>(62,239)</b>	(38,563)	(49,939)
Current liabilities	<b>(2,051)</b>	(2,231)	(1,714)
<b>TOTAL NET ASSETS</b>	<b>42,551</b>	46,312	44,844
Income	<b>124</b>	-	-
Expenses	<b>(2,816)</b>	(913)	(2,382)
<b>Loss after tax</b>	<b>(2,292)</b>	(913)	(2,382)

**4. Called up share capital**

	<b>Period ended 31 March 2016 (unaudited) \$'000</b>	Period ended 31 March 2015 (unaudited) \$'000	Period ended 30 September 2015 (audited) \$'000
<b><i>Allotted, called up and fully paid</i></b>			
356,277,502 (30 September 2016 - 356,277,502) Ordinary shares of 1p each	<b>5,598</b>	5,598	5,598

**5. Availability of financial information**

Copies of this interim financial information will be available on the Company's website.

This information is provided by RNS  
The company news service from the London Stock Exchange

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