



DELIVER LONG-TERM
SUSTAINABLE VALUE
ANNUAL REPORT 2020



CONTENTS

Corporate Overview

- 01 About our Logo
- 02 Corporate Profile
- 03 Group Structure
- 04 Corporate Milestones
- 05 Corporate Information
- 06 Message from our Chairman and CEO
- 08 Board of Directors
- 12 Executive Officers

Sustainability Report

- 14 Board Statement
- 14 About the Report
- 14 Focusing on What Matters Most to Our Stakeholders
- 21 Benefitting People
- 26 Benefitting the Planet
- 29 GRI Index

Financial Statement and Other Matters

- 34 Operational Highlights
- 36 Financial Highlights
- 37 Financial Review
- 42 Corporate Governance Report
- 61 Financial Statements
- 140 Statistics of Shareholdings



ABOUT OUR LOGO



Our corporate logo features a circular formation of five symbols in different colours, each representing the natural resources and gifts that we depend on for the growth of our oil palms.

We understand the importance of the natural resources our business relies on for the growth of our oil palms and have reflected these gifts in our logo –

- **Gold** represents sunshine, which enables our oil palms to grow and flourish.
- **Blue** represents water, an essential element for the sustenance of all living beings, including our oil palms.
- **Green** reflects the natural environment within which our oil palms thrive and bear fruit.
- **Red** represents the nutrient-rich soil which serves as a catalyst for growth of our oil palms.
- The last **gold** resembles the golden hue of our palm oil and represents our core value of excellence.

Each of these natural resources, freely provided to us, contributes to the success of our business.

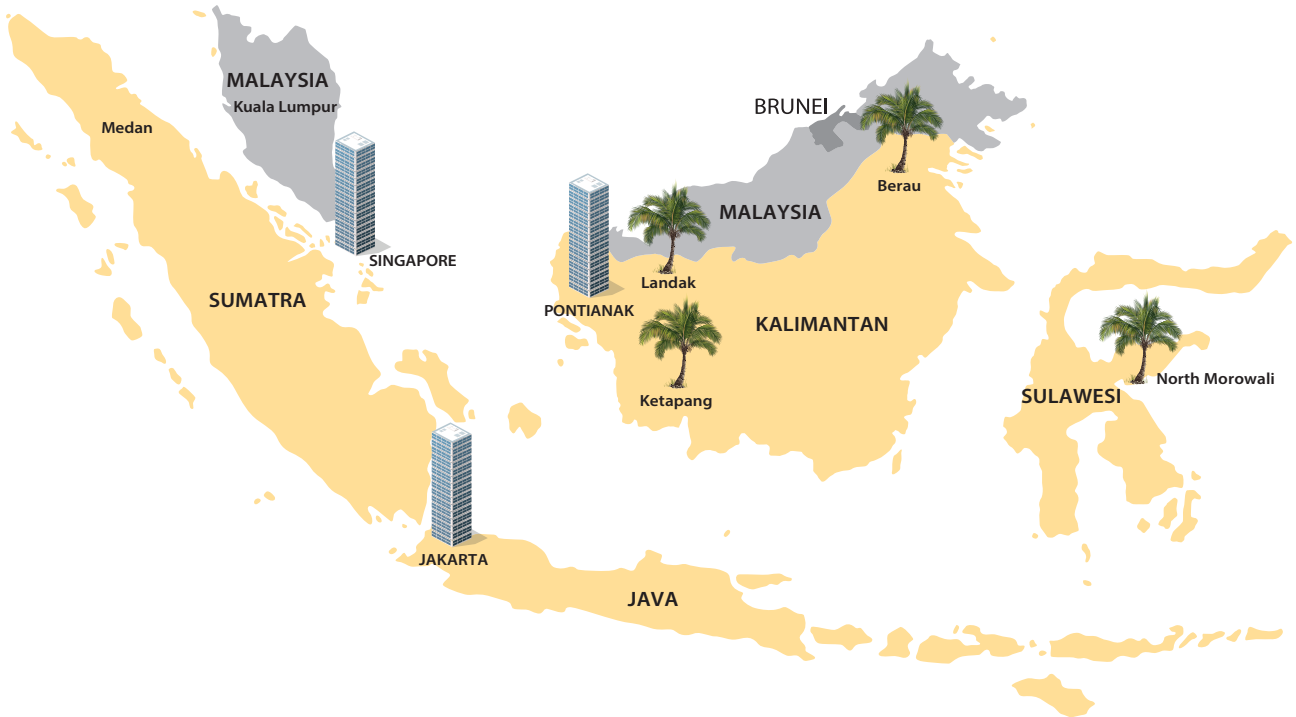
To whom much is given, much is required. We aim to be responsible with all that has been entrusted to us. We see ourselves as stewards of these articles, and believe that it is our duty to act on them in an excellent, responsible and sustainable way; producing maximum fruit.

Though small in comparison to the generosity given to us, the role we aspire to play is just as critical. We are firmly committed to take what we have and manage it in an efficient, environmentally and socially responsible way. In the process, we aim to deliver long-term sustainable value to our investors and stakeholders.

Inspired to humility by the external generosity of the entire process, we are committed to leave the land and its inhabitants better off than we found them.

Global Palm Resources Holdings Limited – Benefiting People and the Planet.

CORPORATE PROFILE



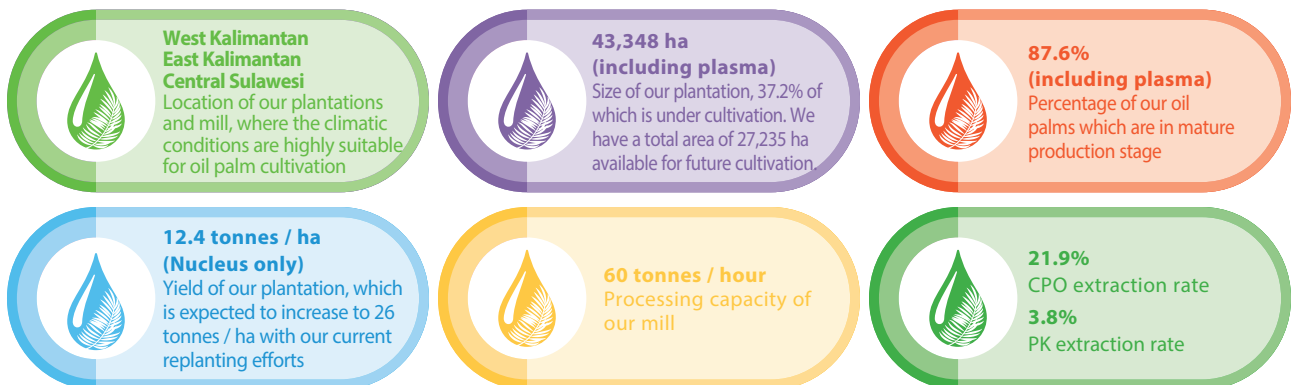
Listed on the Mainboard of the Singapore Exchange on 29 April 2010, Global Palm Resources Holdings Limited (“Global Palm Resources”) is an Indonesia-based oil palm producer. The Group is primarily involved in the cultivation, harvesting and processing of oil palm fruit into Crude Palm Oil (“CPO”) and Palm Kernel (“PK”) for sale.

Sustainable development is an integral part of our business and it is embedded in the way we operate. We are dedicated to improving the living conditions as well as quality of life of the local communities around us, and also actively contributing in the areas of education, social, and cultural welfare.

Global Palm Resource’s plantations and mill are strategically located in West Kalimantan, East Kalimantan and Central Sulawesi, Indonesia, where the climatic conditions are highly suitable for oil palm cultivation. Since its founding in 1991, the Group’s total land bank (including plasma) has grown to 43,348 hectares (“ha”), of which about 37.2% is under cultivation. As at 31 December 2020, approximately 87.6% of the Group’s oil palms are in mature production stage.

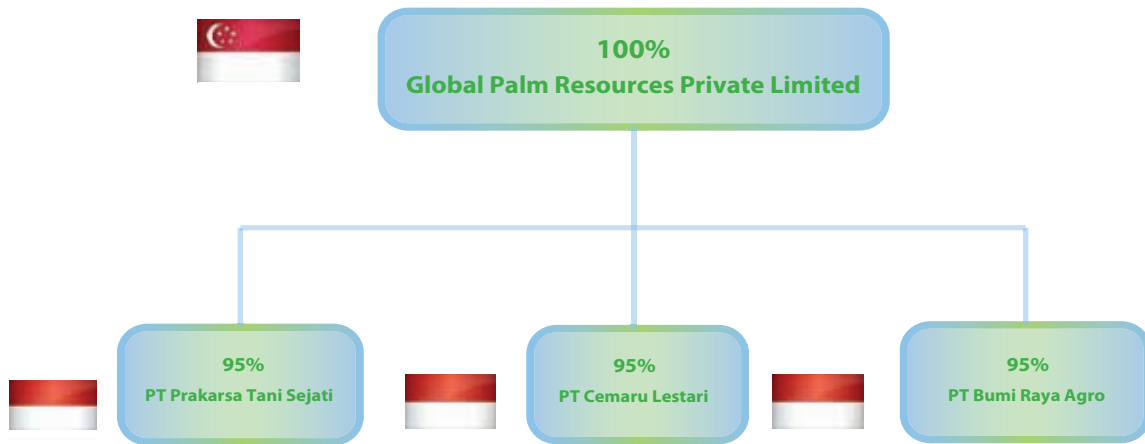
Since 26 May 2010, the Group became an ordinary member of the Roundtable of Sustainable Palm Oil, a not-for-profit association which promotes the production and use of palm oil in a sustainable manner.

Overview of Global Palm Resources as at 31 December 2020

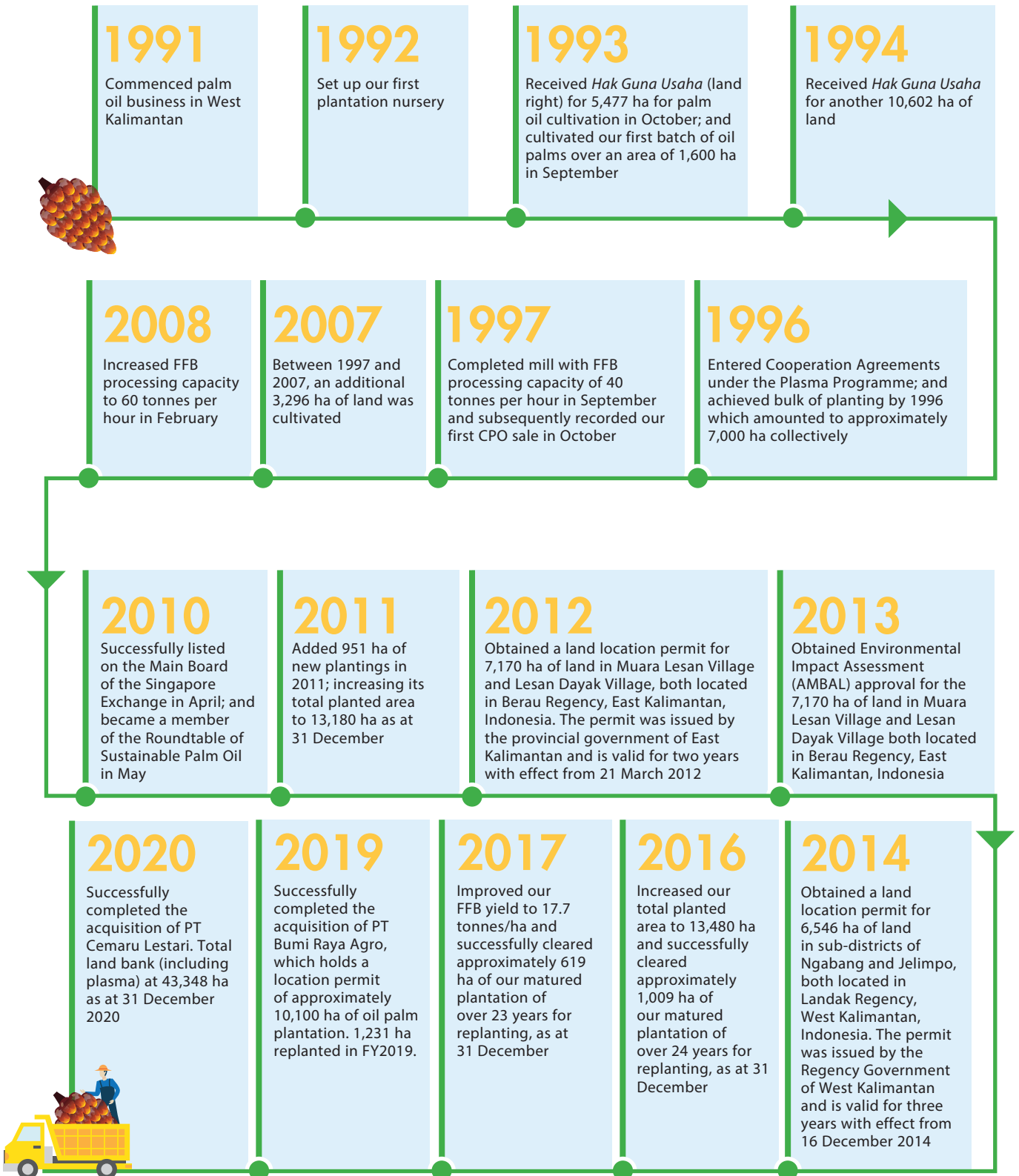


GROUP STRUCTURE

SUBSIDIARIES



CORPORATE MILESTONES



CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

200921345M

BOARD OF DIRECTORS

Dr Tan Hong Kiat @ Suparno Adijanto (Executive Chairman and CEO)
Ivan Swandono (Executive Director and Chief Operating Officer)
Yee Kit Hong (Lead Independent Director)
M. Rajaram (Independent Director)
Guok Chin Huat Samuel (Independent Director)

COMPANY SECRETARY

Winston Seow
Leong Chuo Ming

REGISTERED OFFICE

105 Cecil Street
#24-01
The Octagon
Singapore 069534
Tel: (65) 6220 0170
Fax: (65) 6220 4642
Website: www.gprholdings.com

SHARE REGISTRAR

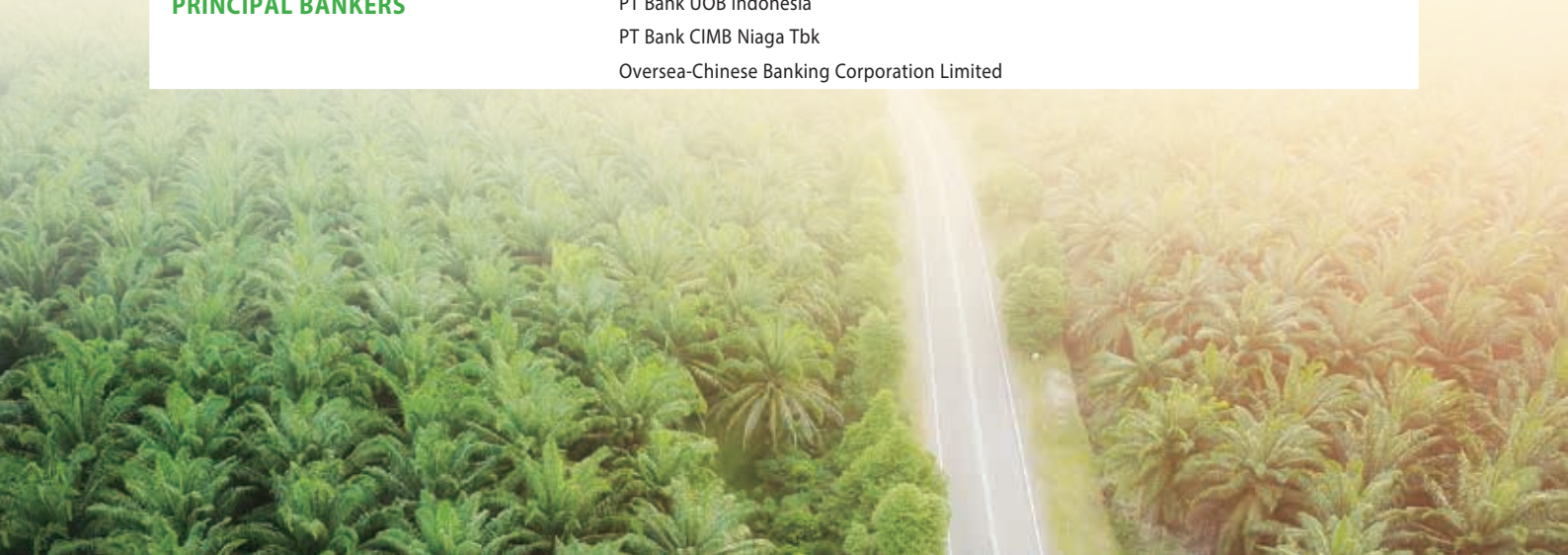
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: William Ng Wee Liang
(Appointed since the financial year ended 31 December 2016)

PRINCIPAL BANKERS

PT Bank UOB Indonesia
PT Bank CIMB Niaga Tbk
Oversea-Chinese Banking Corporation Limited



MESSAGE FROM OUR CHAIRMAN AND CEO



DEAR SHAREHOLDERS,

In FY2020, CPO prices fluctuated before increasing to a 8-year high in December influenced by the Indonesian B30 biodiesel policy as well as low production throughout the year. CPO prices initially decreased from around MYR 3,000 per metric ton to a low of MYR 2,000 per metric ton in May. It then rallied to a high of MYR 3,800 in December over the second half of the year. In 2021, prices have continued to rise reaching a high of around MYR 4,100 as of the time of writing.

This year we have acquired PT. Cemarum Lestari, another palm oil plantation company. With this acquisition, our landbank is now a total of 43,348 hectares. This acquisition will contribute to the revenue of GPR Holdings and provide an additional geographical cluster for growth. We are also pleased that the new generation of palms from 2016 onwards continue to bear fruit with greater yield than our previous generations of palm.

FINANCIAL PERFORMANCE

The Group incurred a net loss attributable to shareholders of Rp7.2 billion (S\$0.7 million) for the financial year ended 31 December 2020 ("FY2020"), compared to a net

loss attributable to shareholders of Rp38.5 billion (S\$3.7 million) for the financial year ended 31 December 2019 ("FY2019").

The Group's revenue for FY2020 increased Rp17.7 billion (S\$1.7 million) or 7%, from Rp262.2 billion (S\$25.4 million) in FY2019 to Rp279.9 billion (S\$26.3 million) in FY2020. This was mainly due to the increase in Crude Palm Oil ("CPO") sales revenue of Rp14.1 billion (S\$1.3 million) and the incorporation of Fresh Fruit Bunch ("FFB") sales from the newly acquired subsidiary PT Cemarum Lestari, which recorded a sales revenue from FFB of Rp4.2 billion (S\$0.4 million) post-acquisition. This was offset by a decrease in Palm Kernel ("PK") sales revenue of Rp0.6 billion (S\$0.1 million). The increase in CPO sales revenue was mainly due to the increase in CPO average selling price and offset by a decrease in CPO sales volume. The decrease in PK sales revenue was mainly due to decrease in PK sales volume and offset by an increase in PK average selling price.

Gross profit increased Rp45.6 billion (S\$4.3 million) or 4,312%, from Rp1.1 billion (S\$0.1 million) in FY2019 to Rp46.7 billion (S\$4.4 million) in FY2020. Gross profit margin increased to 16.7% in FY2020, compared to 0.4% in FY2019.

MESSAGE FROM OUR CHAIRMAN AND CEO

During FY2020, the Group's net cash generated from operating activities was at Rp23.7 billion (S\$2.2 million) as compared to Rp30.8 billion (S\$3.0 billion) in FY2019. Net cash used in investing activities increased from Rp47.2 billion (S\$4.6 million) to Rp115.8 billion (S\$10.9 million) mainly due to the acquisition of PT Cemar Lestari. Net cash used in financing activities decreased from Rp2.5 billion (S\$0.2 million) to Rp1.7 billion (S\$0.2 million). The Group remains financially stable with cash resources amounting to Rp173.9 billion (S\$16.3 million) as at 31 December 2020.

OUTLOOK AND STRATEGY

Currently, the price of CPO is near its 10 years high. Some commodity analysts from Goldman Sach and JP Morgan are predicting the start of a new super commodity cycle that may last for a decade or more. Regardless, the short-term price outlook for CPO also looks promising.

The supply of CPO will be restricted by lower additional new planting as well as reduced impetus for the replanting of older low yielding post matured plants. The lack of fertilising because of the low CPO prices in 2018 and 2019 will also result in a lower incremental supply condition. We should see a fairly robust demand for CPO

due to the ongoing Indonesian B30 biodiesel program. Most economists are predicting world GDP growth to be positive after a massive slowdown of the world economy in 2020.

APPRECIATION

Thank you to our shareholders for your continued trust as we build up and secure our new landbank.

Thank you to our Board of Directors, management team, and employees for their efforts in managing and improving operations even throughout the COVID-19 pandemic.

To our customers and business partners, we thank you for your continued support and look forward to many more years of mutually beneficial cooperation.

To all other stakeholders, thank you as always for supporting Global Palm Resources.

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman and CEO



BOARD OF DIRECTORS



BOARD OF DIRECTORS

DR TAN HONG KIAT @ SUPARNO ADIJANTO

Executive Chairman and CEO

Appointed to our Board on 13 November 2009, Dr Suparno Adijanto is responsible for the overall operations of the Global Palm Resources Group. Since 1992, he is one of the managing directors of the Bumi Raya Group and is in charge of the plantation division. Prior to this appointment, Dr Suparno Adijanto held several positions in the Bumi Raya Group, as a Manager in charge of finance and business development from 1990 to 1992, and as a management trainee from 1989 to 1990. From 1987 to 1989, Dr Suparno Adijanto was the President of Westpont International Trading Company, a US trading company that deals in commodities between S.E.A and the USA. From 1994 to 2006, he was the non-executive director of Australia-listed Energy World Corporation Limited. From 1993 to 2010, Dr Suparno Adijanto was also a Commissioner for Indonesia listed company, PT Resource Alam Indonesia Tbk, where his responsibilities relate mainly to the supervision of its directors in ensuring that the company's mission, vision and objectives are met. Dr Suparno Adijanto graduated with a Bachelor of Science, Economics (Honours) from the University College London, University of London. He holds a Masters in Business Administration from the Bradford Management Centre, University of Bradford, England and a Doctor of Philosophy from the College of Business Administration, Georgia State University, USA.



Serves on the following Board committees

- Nominating Committee (Member)
- Risk Committee (Member)

Present directorships in other listed companies

Nil

Other principal commitments

- Executive Chairman & CEO, Global Palm Resources Holdings Limited
- Commissioner, PT Resource Alam Indonesia TBK

Directorships in other listed companies held over the preceding three years

Nil

BOARD OF DIRECTORS



IVAN SWANDONO

Chief Operating Officer

Mr Ivan Swandono was appointed to our Board as an executive director on 12 May 2016. He joined our Group in September 2011 and was officially promoted to Director of PT Prakarsa Tani Sejati, our subsidiary in Indonesia, in December 2012. In February 2013, he was appointed as our Group's Acting Chief Operating Officer and was later promoted to be our Group's Chief Operating Officer since 10 November 2014. Mr Ivan Swandono is currently the President Director of PT Cemarum Lestari, our newly-acquired subsidiary and the President Director of PT Inti Saudara Lestari. His duties as our Group's Chief Operating Officer involve overseeing the cultivation of our palm oil plantation and the daily operations of our palm oil mill. He graduated from Purdue University in Indiana, USA with a Bachelor's degree in Mechanical Engineering.

Present directorships in other listed companies

Nil

Other principal commitments

- COO and Executive Director, Global Palm Resources Holdings Limited
- Director, PT Bumisubur Lestari
- Director, PT Bumiraya Utama
- Director, PT Bumiraya Utama Industries Logam
- Director, PT Bumi Prestis Jaya
- Director, PT Bumi Kencana Damai
- Director, PT Bumi Mentari Indah
- Director, PT Bumi Sakura Jaya
- Director, PT Bumiraya Ritel Indonesia
- Director, PT Lestari Anugerah Ritel Indonesia Semesta
- President Director, PT Inti Saudara Lestari
- Director, PT Mega Bauksit Nusantara
- Director, PT Sinar Kapuas Kalbar
- Director, PT Sejahtera Jaya Cita
- Director, PT Adinaco Serasi

Directorships in other listed companies held over the preceding three years

Nil



YEE KIT HONG

Lead Independent Director

Mr Yee was appointed to our Board on 16 March 2010. He is an auditor by profession and has been an audit partner with Kit Yee & Co, a firm of certified public accountants providing audit, accountancy and taxation services since 1989.

From 1982 to 1989, Mr Yee was an audit/tax manager with Ernst & Young in Singapore, where he was responsible for the audit and taxation for small and medium size enterprises. In 2003, Mr Yee was awarded the Public Service Medal by the President of the Republic of Singapore. Mr Yee graduated with a Bachelor in Accountancy from the National University of Singapore and is a member of the Fellow Institute of Chartered Accountants England and Wales and a fellow member of the Institute of Singapore Chartered Accountants. He is also currently a full member of the Singapore Institute of Directors.

Serves on the following Board committees

- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Present directorships in other listed companies

- Acromec Limited
- Nam Cheong Ltd
- Koon Holdings Limited

Other principal commitments

- Partner, Kit Yee & Co
- Partner, JH Tan & Associates
- Director, Chartwell Investments Pte Ltd

Directorships in other listed companies held over the preceding three years

Nil

BOARD OF DIRECTORS

M. RAJARAM

Independent Director

Mr Rajaram was appointed to our Board on 16 March 2010. He is a lawyer by profession and is currently the Chairman of K&L Gates Straits Law LLC, where he heads the banking and corporate finance department and the India practice group. Mr Rajaram is an Advocate and Solicitor of the Supreme Court of Singapore, a Solicitor of England and Wales and a Fellow in the Singapore Institute of Arbitrators and the Chartered Institute of Arbitrators. From 2004 to 2008, he was the Chairman of the Singapore Indian Chamber of Commerce and Industry. In 2009, Mr Rajaram was awarded the Public Service Medal by the President of the Republic of Singapore. He has been the Honorary Consul of the Republic of Mali in Singapore since 1999. Mr Rajaram graduated with a Bachelor of Laws (LLB) (Honours) from the National University of Singapore in 1978 and obtained a Masters in Business Administration from the Maastricht School of Management in 1998. He is also a Justice of the Peace.

Serves on the following Board committees

- Nominating Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)
- Risk Committee (Member)

Present directorships in other listed companies

- Hiap Seng Engineering Ltd

Other principal commitments

- Chairman, K&L Gates Straits Law LLC

Directorships in other listed companies held over the preceding three years

Nil



GUOK CHIN HUAT SAMUEL

Independent Director

Mr Guok was appointed to our Board on 16 March 2010 and is the Chairman of the Remuneration Committee and Risk Committee, and a member of the Audit Committee and Nominating Committee. He has been the CEO of Starhealth Pte. Ltd – a Singapore based importer and distributor of health and medical products – since 1995 and has over 20 years of experience in investment banking, venture capital and private equity businesses.

Mr Guok holds a Bachelor of Science degree in Business Administration from Boston University with Majors in Finance and International Economics, Minor in Chemistry.

Serves on the following Board committees

- Remuneration Committee (Chairman)
- Risk Committee (Chairman)
- Audit Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies

- RE&S Holdings Ltd
- Redwood Group Limited
- International Cement Group Ltd

Other principal commitments

- Director, Starhealth Pte Ltd
- Director, Campelltown Asia Pte Ltd
- Director, Campelltown Investment Holdings Pte Ltd
- Director, Tellus Asset Management Pte Ltd

Directorships in other listed companies held over the preceding three years

- AsiaTravel.com Holdings Ltd
- Bukit Sembawang Estates Limited
- Datapulse Technology Limited



EXECUTIVE OFFICERS

GE LUIYANTO YAMIN

Chief Financial Officer

Mr Luiyanto joined our Group as CFO in 2009. With over 30 years of experience in finance and accounting work, he oversees the internal control, project management, human resources, strategic planning and advisory-related matters of our Group's Indonesian operations. Mr Luiyanto was the Group Finance Manager of the Bumi Raya Group from 2000 to 2010 and the Finance Director and Corporate Secretary of PT Resource Alam Indonesia Tbk from 2007 to 2010. He also has accumulated extensive experience in finance and accounting from his past appointments, as director of operation in PT Nusadana Investama from 1997 to 1998, as director of finance in PT Jakartabarbaru Cosmopolitan in 1997, and as director of finance and administration in PT Asia Perintis Contindo from 1993 to 1997. From 1984 to 1993, he held several appointments within the Dharmala Group and subsequently took on the position of assistant financial controller of Dharmala's listed subsidiary PT Dharmala Sakti Sejahtera Tbk. Mr Luiyanto graduated from the Faculty of Economics, University of Indonesia with a Bachelor's degree (Sarjana Ekonomi) in Accounting. He also holds a Master of Science (Administrative Science) from the Faculty of Social and Political Science, University of Indonesia. Mr Luiyanto is a full member of the Institute of Indonesia Chartered Accountants (IAI) and a full member of CPA Australia.

LIM ARDI DHARMA

Head of Project Development

Mr Lim joined our Group in 2009 and is in charge of the identification, planning and execution of the effective development and implementation of projects relating to our Group's growth and expansion. Prior to his current role, Mr Lim joined the Bumi Raya Group in 1991 as a general manager in PT Bumiraya Utama Wood Industries and was responsible for its operations which included liaising with Indonesian governmental authorities for application for various licenses necessary for its business. From 1989 to 1991, Mr Lim was the vice-president of Thai Cane Paper Co Bangkok, where his responsibilities included overseeing the papermill's finance and administrative-related matters. From 1977 to 1989, Mr Lim worked as a branch manager of PT Bir Banjarmasin, a company which held logging concessions. From 1975 to 1976, he had worked as a rice distributor with PT Daya Kapuas Pontianak. Mr Lim graduated from the Secondary Economic School in 1975 where he specialised in book keeping. From 1982 to 1984, Mr Lim studied economics at the Lambung Mangkurat University.

BERLINO MAHENDRA

Head of General Affairs

Mr Mahendra joined our Group in 2009 and is in charge of human resources, coordination of our plasma programme, administration and licensing issues in PT Prakarsa Tani Sejati as well as liaising and maintaining good relations with Indonesian governmental authorities. Prior to joining our Group, Mr Mahendra worked in the industrial timber estate of PT Sinar Kalbar Raya as a coordinator from 1989 to 1991, where he was responsible for licensing matters. Mr Mahendra studied Forestry at the Bogor Agricultural University from 1984 to 1988, and graduated with a Bachelor's degree in Forest Management. Mr Mahendra was officially promoted to Director of PT Prakarsa Tani Sejati, our subsidiary in Indonesia, with effect from 25 February 2015.

HENDRIK VIRGILIUS

Head of Plantation Estate

Mr Virgilius was appointed in September 2011 as the Group's Head of Plantation Estate. As part of his duties, he is in charge of overseeing the cultivation of the Group's oil palm plantation, palm field maintenance and maintenance of FFB yields. Prior to his appointment as the Group's Head of Plantation Estate, Mr Virgilius was the Field General Manager of PT Prakarsa Tani Sejati. He has over 30 years of experience in the Indonesian palm oil industry and has held managerial roles at PT Inti Salim Corpora (Salim Group) in Singkawang, West Kalimantan, Indonesia from 1994 to 2008 and at PT Bumi Raya Utama Group in Palembang, Sumatera, Indonesia from 1988 to 1993. Mr Virgilius holds a Bachelor Degree in Agronomy from University of Sriwijaya, Palembang, Indonesia and a Master Degree in Agronomy from Bogor Agricultural University, Bogor, Indonesia.

WONG KIM POH

Financial Controller of Plantation Estate

Mr Wong joined our Group in 2009. He is in charge of the finance, accounting and administration of the plantation division. With over 40 years of experience in finance and accounting works, he oversees the implementation of effective internal control systems, operation procedures and budgetary control of the plantation. Mr Wong started his career in 1975 with Kilang Gula Felde Perlis Snd Bhd – a Kuok Group company in Malaysia in the sugar manufacturing and plantation and subsequently held the post of Assistant Accountant. Prior to joining the Group, Mr Wong held several executive appointments and also served as a Licensed Company Secretary under the Registrar of Company of Malaysia to various companies in Malaysia. He holds a Diploma in Management from the Malaysia Institute of Management and Higher Stage Certificate in Accounting and Costing from London Chamber of Commerce and Industry of United Kingdom. He also obtained a certificate in Computer Programming and Information Processing from City and Guilds of London Institute.

SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

1. BOARD STATEMENT

Sustainable development is an integral part of our business and is embedded in the way we operate. We are dedicated to improving the living conditions as well as quality of life of the local communities around us, and also actively contributing in the areas of education, social, and cultural welfare.

The Board of Directors (the Board) recognises the importance of adopting sustainable practices and how it can enhance our business operations and performance. To that end, the Board strikes a right balance between financial results, social engagement and environmental stewardship in our strategic formulation.

Under the guidance and oversight of the Board, our Management works with the Sustainability Committee to identify, manage and monitor material Environmental, Social and Governance (“ESG”) factors relevant to our business and our stakeholders.

2. ABOUT THE REPORT

This Sustainability Report seeks to communicate our ESG matters that are most material to us and our stakeholders. This report covers the ESG performance of our plantation, mill and administrative operations in Indonesia and Singapore from 1 January to 31 December 2020. It has been prepared in accordance with Global Reporting Initiative (“GRI”) Standards – Core option, which is an internationally-recognised reporting framework that addresses a wide range of sustainability disclosures and encourages balanced reporting of organisations’ material matters.

We welcome your views on this report as an important input to help us improve our sustainability practices and reporting. Please direct your feedback to:

Global Palm Resources Holdings Limited
105 Cecil Street, #24-01, The Octagon
Singapore 069534
Email: info@gprholdings.com

3. FOCUSING ON WHAT MATTERS MOST TO OUR STAKEHOLDERS

3A. STAKEHOLDER ENGAGEMENT

In keeping with our core value of “Partnership”, we believe in engaging with our stakeholders to create shared values. An effective engagement with our stakeholders allows us to understand their concerns and determine how best to respond to them. The following table details our approach to engage with those of our stakeholders who are most influential and/or those most influenced by our business.

Table 1: Global Palm Resources’ approach towards stakeholder engagement

Stakeholder group	Stakeholders’ expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Shareholders	<ul style="list-style-type: none"> Global Palm Resources’ financial health Global Palm Resources’ industry reputation Global Palm Resources’ transparency in reporting ESG matters 	<ul style="list-style-type: none"> Respond to any queries through our dedicated Investor Relations team Provide timely and accurate information on website, Annual Report and Sustainability Report in a transparent manner 	<ul style="list-style-type: none"> Financial briefings Announcements on SGX Newsletters and other electronic updates “Investor Relations” section in our website Annual Report Sustainability Report 	Half-yearly and annually
Customers	<ul style="list-style-type: none"> Product quality Sustainability certifications 	<ul style="list-style-type: none"> Effective quality control management at mill Implementation of sustainability policies, with the aim of obtaining Roundtable on Sustainable Palm Oil (“RSPO”) and Indonesian Sustainable Palm Oil (“ISPO”) certifications 	<ul style="list-style-type: none"> Periodic meetings Industry forums Focus group discussions 	Monthly

SUSTAINABILITY REPORT

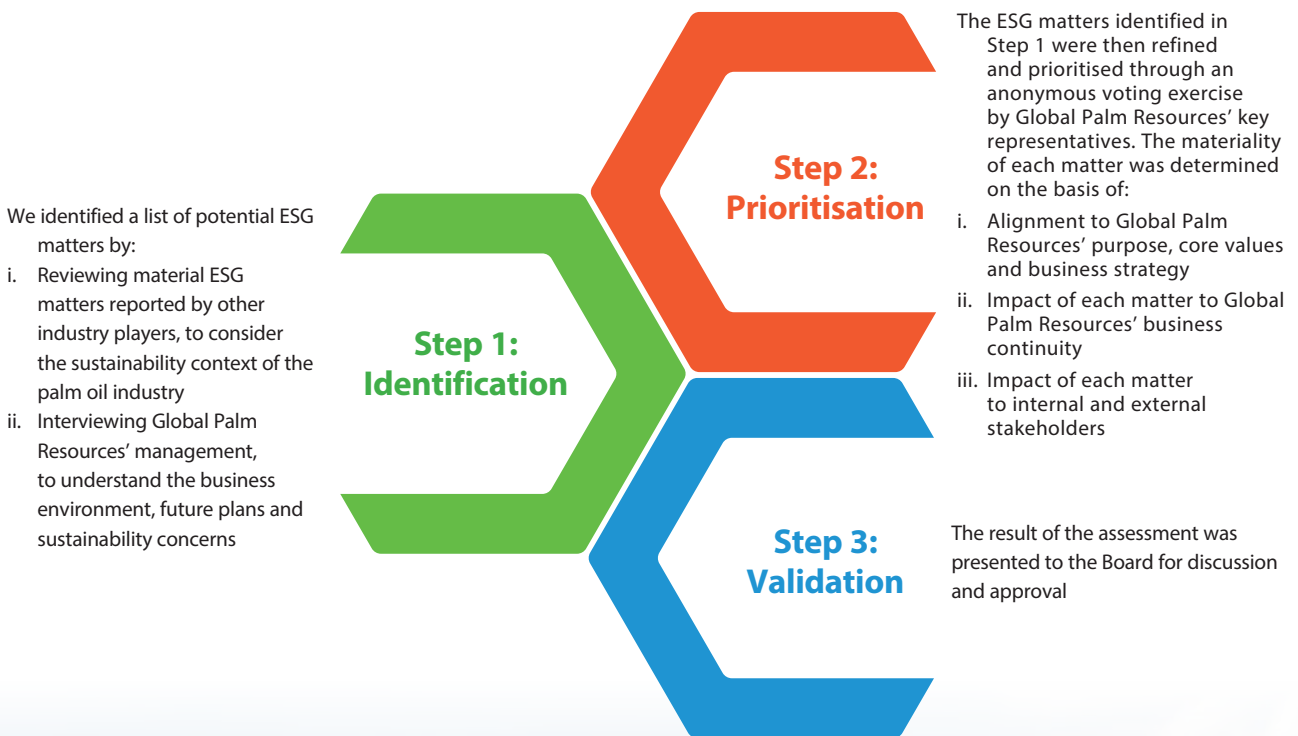
Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Regulators	<ul style="list-style-type: none"> • Land rights • Fire and haze prevention • Employment opportunities • Improvement in standards of living 	<ul style="list-style-type: none"> • Obtain local community's feedback and grievances through dialogues • Plasma programme • Construction of communal and religious facilities • Granting of scholarships • Preference for local hiring 	<ul style="list-style-type: none"> • Regular updates and reporting • On-site inspections • Focus group discussions 	Monthly
Local Community	<ul style="list-style-type: none"> • Occupational health and safety • Welfare for employees and family members living near the plantation • Training and development 	<ul style="list-style-type: none"> • Provide relevant trainings (safety and job specific) • Provide deserving remuneration, welfare and benefits 	<ul style="list-style-type: none"> • Corporate Social Responsibility ("CSR") programmes • Grievance channel • Dialogues with community groups 	On-going/ routine
Non-Governmental Organisations (NGOs)	<ul style="list-style-type: none"> • Eradication of child and forced labour • Fire and haze prevention • Sustainability certifications (e.g. RSPO and ISPO) 	<ul style="list-style-type: none"> • Implementation of sustainability policies, with the aim of obtaining sustainability certifications • Participation in industry forums and other platforms to address any concerns that the NGOs may have 	<ul style="list-style-type: none"> • Industry forums • Website • Annual Report • Sustainability Report 	Annually
Employees	<ul style="list-style-type: none"> • Occupational health and safety • Welfare for employees and family members living near the plantation • Training and development 	<ul style="list-style-type: none"> • Provide relevant trainings (safety and job specific) • Provide fair and appropriate remuneration, welfare and benefits 	<ul style="list-style-type: none"> • Trainings • Trade union meetings • Whistleblowing / grievance channel 	On-going/ routine
Contractors and suppliers (including plasma farmers)	<ul style="list-style-type: none"> • Business opportunities • Learning sustainable agricultural practices from Global Palm Resources 	<ul style="list-style-type: none"> • Conduct fair suppliers' screening process • Provide sustainable agricultural management trainings to plasma farmers 	<ul style="list-style-type: none"> • Supplier screening • Visits to suppliers' plantation • Periodic meetings 	On-going/ routine

SUSTAINABILITY REPORT

3B. MATERIALITY ASSESSMENT

It is important for us to determine our material ESG matters so as to focus on specific areas of stakeholders' interest. This would help to grow our business and align future sustainability efforts. To that end, we conducted a materiality assessment in 2020 through a three-step process as elaborated below.

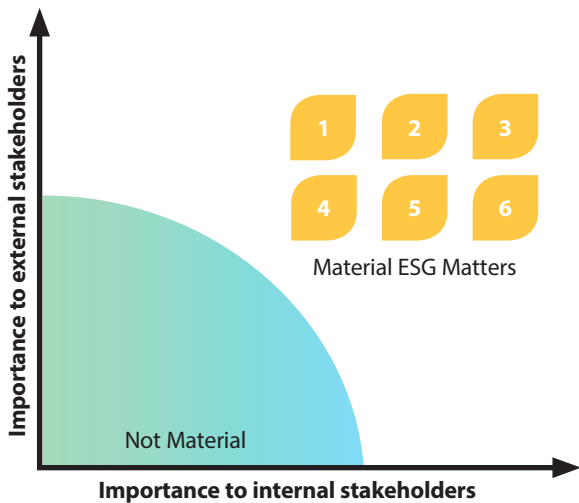
Figure 1: Process of materiality assessment undertaken by Global Palm Resources



SUSTAINABILITY REPORT

The result of our materiality assessment is summarised in Figure 2 below:

Figure 2: Global Palm Resources' materiality matrix

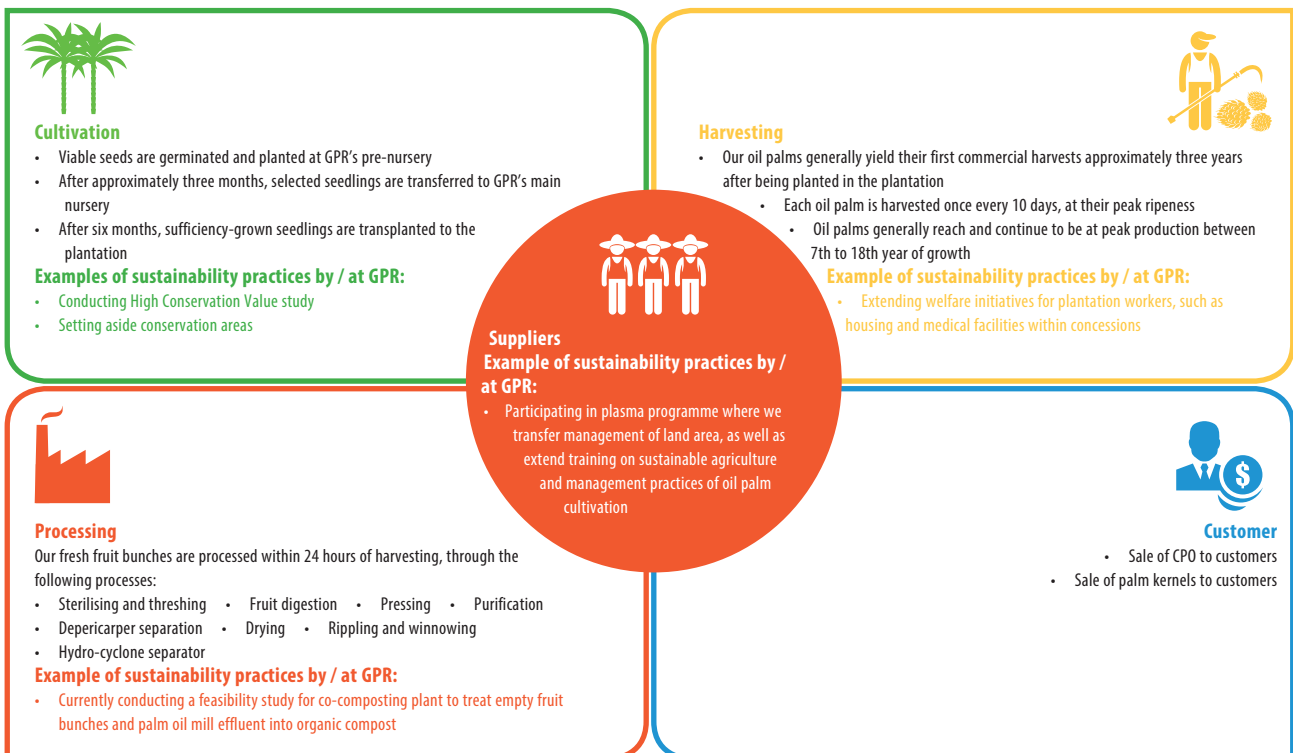


Material ESG Matters	Topics under GRI Standards
1 Forced Labour and Child Labour	GRI 408: Child Labour GRI 409: Forced or compulsory labour
2 Relationship with Communities, Indigenous People and Plasma Farmers	GRI 411: Rights of indigenous people GRI 413: Local communities
3 Conservation	GRI 304: Biodiversity
4 Waste management	GRI 306: Effluents and waste
5 Fire and Haze	No relevant GRI topics available
6 Succession Planning	No relevant GRI topics available

3C. SUSTAINABILITY IN OUR VALUE CHAIN

















At Global Palm Resources, our drive and commitment towards sustainability is reflected in everything we do. Our corporate philosophy “To achieve maximum profitability without compromising our commitment to grow with our stakeholders, while leaving the planet better off than we found it” governs the way we conduct our business across the value chain.

Figure 3: Global Palm Resources' value chain



SUSTAINABILITY REPORT

Figure 4: ESG matters with impact across Global Palm Resources' value chain

Material matters	Cultivation	Harvesting	Suppliers	Processing
Forced labour and child labour				
Relationship with communities, indigenous people and plasma farmers				
Conservation				
Waste management				
Fire and haze				
Succession planning				

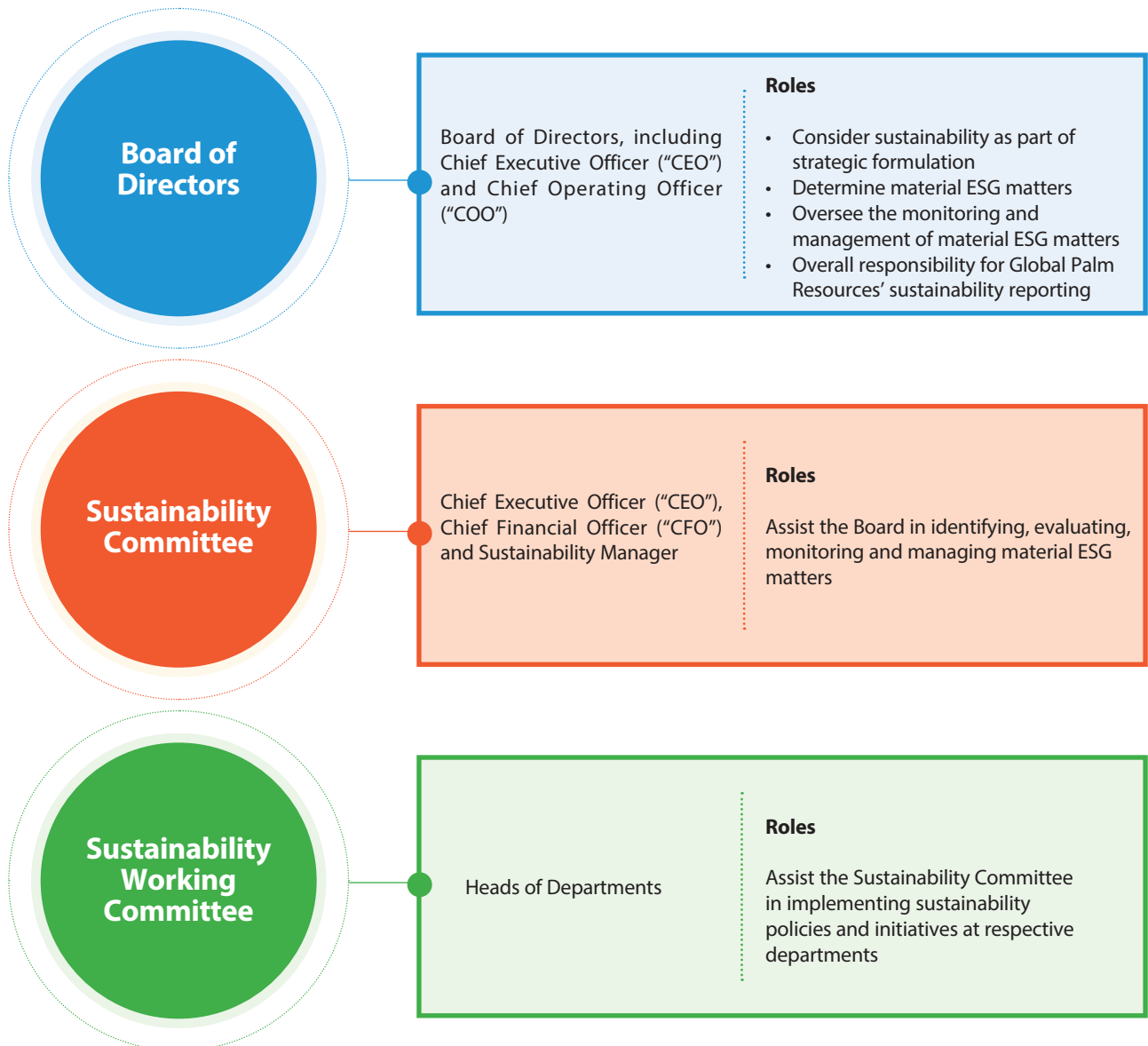
3D. OVERVIEW OF SUSTAINABILITY MANAGEMENT AT GLOBAL PALM RESOURCES

Sustainability is not a new concept at Global Palm Resources. We have formulated various sustainability initiatives to protect the environment and foster the well-being of the local community. At Global Palm Resources, the Board sets the tone for sustainability from the top, while being supported by the Sustainability Committee and Sustainability Working Committee, who look after the day-to-day implementation of sustainability plans and performance monitoring.



SUSTAINABILITY REPORT

Figure 5: Sustainability governance structure at Global Palm Resources



Recognising that sustainability development is an ongoing journey, we have set short-term, medium-term, and long-term strategies to achieve this. Currently, our strategic priority is to have our plantation and mill to be certified by RSPO and ISPO by 2022. These sustainability certifications will serve as a mark of our commitment to our stakeholders, while at the same time advocating responsible consumption to the public.

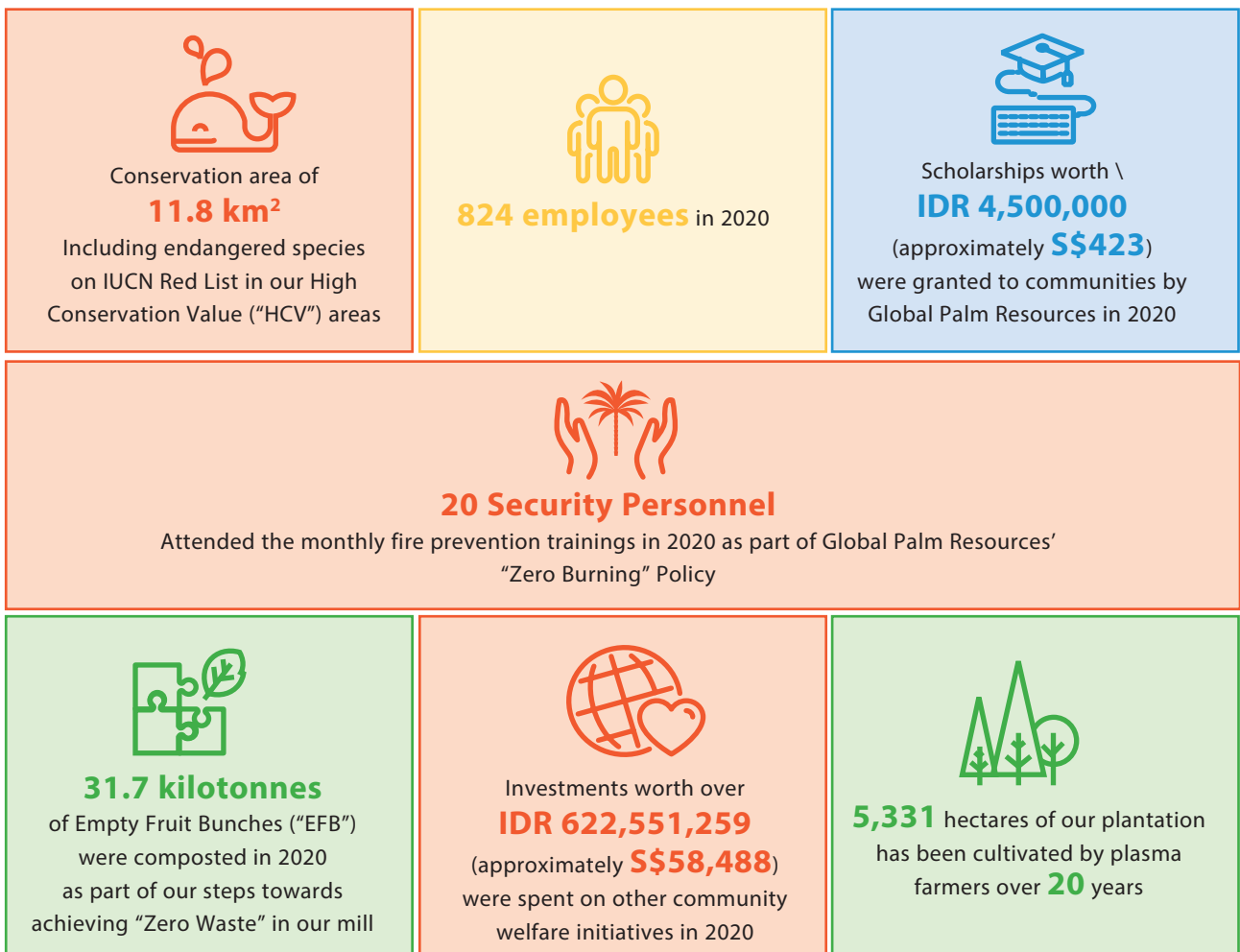
SUSTAINABILITY REPORT

Table 2: Global Palm Resources’ short-, medium- and long-term sustainability strategies

Short-term strategy: Replanting for the Future	Medium-term strategy: Harnessing Renewable Energy	Long-term strategy: Growing our Sustainability Team
<p>We will continue our oil palm replanting efforts, keeping with best environmental practices. We see replanting as an opportunity to improve all aspects of operations in terms of yield, efficiency, and environmental standards. We aim to replant 6,000 hectares of land by 2022.</p>	<p>As part of our dedication to sustainable energy use and keeping up with agricultural technology, we are exploring the use of solar power generation as a supplement, and in some cases, as a replacement to existing power sources for our mill and worker dormitories.</p>	<p>We will be expanding our sustainability team to make continuous improvements to our sustainability policies, while extending the reach of our sustainability efforts to a larger number of stakeholders.</p>

This report aims to elaborate on specific sustainability policies and practices which we have implemented, and the resultant sustainability performance. A snapshot of selected sustainability performance is given below.

Figure 6: Snapshot of Global Palm Resources’ sustainability performance



SUSTAINABILITY REPORT

Replanting



6000 Hectares
Land area for tree replanting efforts from 2016 to 2022 cumulatively

4. BENEFITTING PEOPLE

4A. OUR EMPLOYEE AND WORKER DEMOGRAPHICS

We see our workforce as the engine that keeps us running. We are cognisant of the vital role that our employees and workers play in our success and sustainability, and we strive to be a fair and responsible employer to them.

We hire our employees based on their competencies and suitability for the job requirements. As the work in oil palm plantation and mill are highly labour-intensive, there are more male employees than female employees. These employees are mostly located in Indonesia, where our plantation and mill are located in. In 2020, only 4 out of our 824 employees were located in Singapore, while 4 out of our 885 employees were based in Singapore in 2019. We typically hire our employees on a full-time basis with permanent contract, enabling us to equip them with the skillsets for their growth. Our employee demographics have been relatively stable over the years, with low turnover. In 2020, there were 68 new hires and 129 turnover.

Figure 7: Our employee demographics in 2019 and 2020 by employment contract and gender

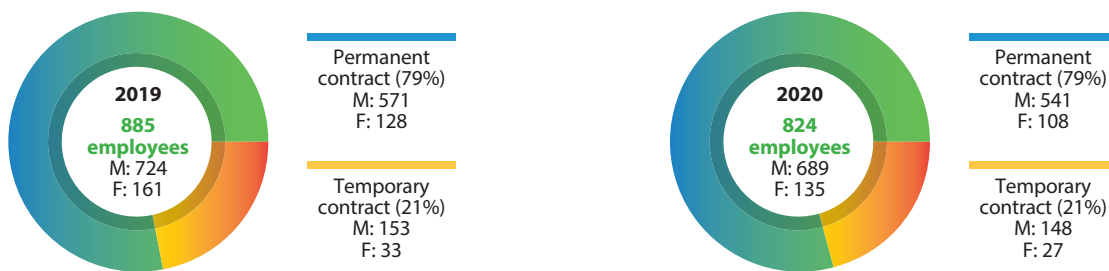
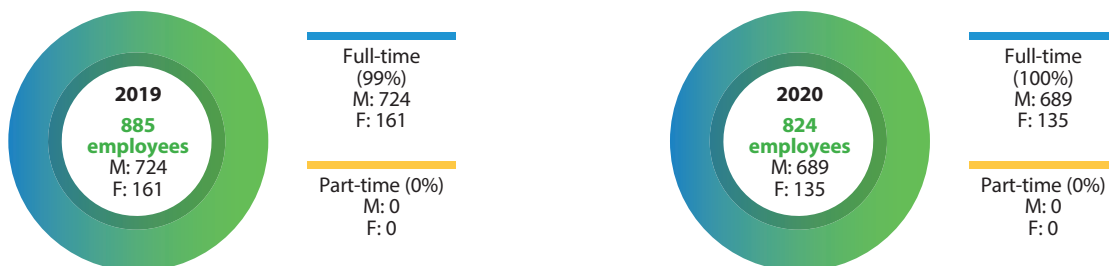


Figure 8: Our employee demographics in 2019 and 2020 by employment type and gender



SUSTAINABILITY REPORT

Figure 9: Our employee demographics in 2019 and 2020 by age group and employment category

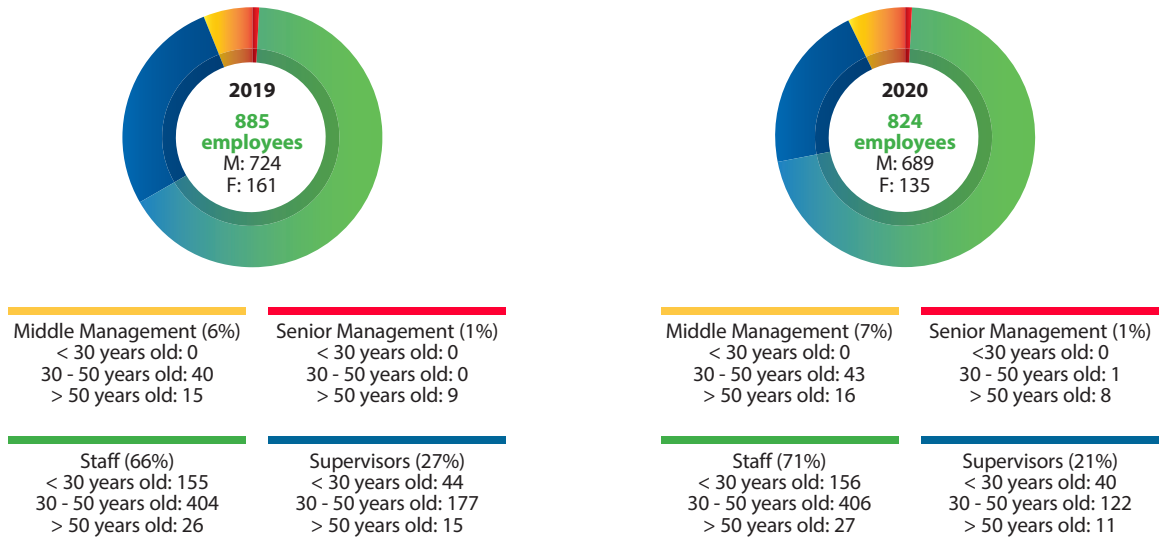


Figure 10: Our hires and turnover profile in 2020 by gender, age group and region



SUSTAINABILITY REPORT

4B. FORCED LABOUR AND CHILD LABOUR

Being a labour-intensive industry operating mostly in developing and remote regions, forced labour and child labour are prominent risks faced by the palm oil sector. While these issues are multi-faceted in nature, there are some underlying reasons for these issues, including the intricacy of the palm oil supply chain which has the potential to leave labour issues undetected, as well as unauthorised or unfair land use which deprives the local community of their livelihood and thereby compelling them to work under unfair conditions. In Indonesia, the use of both forced labour and child labour are strictly prohibited by law and aligned to this, we have a strict policy against forced labour and child labour in any form.

In line with our core value of "Partnership", we work together with our workers and the local community to achieve our target of zero cases of forced and child labour in our operations. As part of our "No Child Labour and No Child Exploitation" policy, we require work applicants to submit a copy of their family card (Kartu Keluarga) and identity card (Kartu Tanda Penduduk) for our verification to ensure they are above 18 years of age prior to hiring. Moreover, our workers sign employment contracts voluntarily and we do not unlawfully withhold workers' wages or keep in our custody any important documents, such as identity cards and travel documents. In addition, we ensure that our workers are paid higher than the minimum wage as stipulated by the Indonesian government.

Going beyond the minimum requirements, we offer other benefits to our full-time plantation workers and their family members to enhance their welfare. Our welfare schemes include housing, insurance, transportation allowance, provision of medical facilities and schools within our concessions, scholarships for our workers' children, religious activities, and recreational activities.

Education

- *A kindergarten and primary school are provided for the local children*
- *Provides free transportation*



Our employees and workers are encouraged to report any cases of forced or child labour that they experience or witness, to our whistleblowing channel, which is administered by Global Palm Resources' Audit Committee. Any reports raised in good faith will be treated with the highest confidentiality and without threat of any retaliation.

SUSTAINABILITY REPORT

Figure 11: Global Palm Resources' key highlights on the topic of forced and child labour in 2020



4C. SUCCESSION PLANNING

An effective succession plan is crucial to the sustainability of every company, more so for growing companies such as Global Palm Resources. With ever-increasing globalisation and mobility, it is our aim to maintain a pool of talents within our leadership pipeline.

We are currently in the process of reviewing our organisational structure and policy on succession planning, both of which will be presented to the Nomination Committee. With completion of the review, the Nomination Committee will make recommendations on the succession plans for our Board and senior management, their performance evaluation, as well as training and development programmes for the Board and senior management.

4D. RELATIONSHIP WITH COMMUNITIES, INDIGENOUS PEOPLE AND PLASMA FARMERS

We believe that growth and sustainability cannot be achieved by to the exclusion of our affected stakeholders. Instead, we can only succeed by operating harmoniously alongside the communities, indigenous people and plasma farmers who live around us. We can do little on our own, but we can achieve so much more by forming mutually beneficial partnerships with them. This belief is rooted in our DNA, wherein it is our aim and purpose to respect our stakeholders' rights and grow with them. In 2020, there were zero incidents of violations involving rights of indigenous people. Being located in a developing region presents us with opportunities to improve the standard of living of the communities, indigenous people and plasma farmers around us.

Figure 12: Global Palm Resources' strategic partnerships with communities, indigenous people and plasma farmers

<p>Plasma Programme</p>	<p>For the past 20 years, we have been participating in Plasma Programme, an initiative by the Indonesian government to encourage partnerships between large plantation companies and their surrounding communities. As of 31 December 2020, 5,331 hectares of our plantation land has been cultivated by small holders under this programme. As part of this programme, we have transferred the management of this land area which we developed, and extended training on sustainable agricultural and management practices for oil palm cultivation.</p>
--------------------------------	--

SUSTAINABILITY REPORT



Community Development

We see our role in fostering sustainable independence of the local communities through the improvement of their living conditions and skillsets. We do this through the following initiatives:

- **Employment:** We give priority for locals during staff recruitment to work at our plantation and mill.
- **Education:** We provide kindergarten and primary school scholarships to our workers' children. A total of approximately IDR 4,500,000 (approximately S\$423) worth of scholarships were granted in 2020.
- **General welfare:** We have made various investments to improve the locals' welfare, including provision of clean water, electricity, sanitation, medical treatment, housing, community halls, infrastructure for education and religious places of worship. Furthermore, we sponsor and participate in various local cultural and religious celebrations periodically. We invested a total of over IDR 622,551,259 (approximately S\$58,488) for these initiatives.

SUSTAINABILITY REPORT

5. BENEFITTING THE PLANET

5A. CONSERVATION

It is our purpose and philosophy to leave the planet better off than what we inherited. One of the ways for us to uphold this commitment is by conserving the biodiversity within our concession. To that end, it is our practice to conduct Environmental Impact Assessment (“EIA”) and High Conservation Value (“HCV”) study to evaluate the biodiversity value within our concession area and ensure that our activities do not cause any adverse impact to the identified species.

Based on the most recent HCV study, we identified 1,175.1 hectares of area with high conservation value within our concession area. Within this area, we identified three vulnerable mammal species, 2 vulnerable bird species, two endangered fauna species, four vulnerable fauna species and one vulnerable flora species listed on the International Union for Conservation of Nature (“IUCN”) Red List.

Table 3: List of Endangered and Vulnerable species within Global Palm Resources' concession area

No.	Type	Name	IUCN Red List status
1	Mammal	Strigocuscus celebensis	Vulnerable
2	Mammal	Ailurops ursinus	Vulnerable
3	Mammal	Bubalus depressicornis/quarlesi	Vulnerable
4	Bird	Aceros cassidix	Vulnerable
5	Bird	Spilomis rufipectus Gould	Vulnerable
6	Flora	Eusideroxylon zwageri	Vulnerable
7	Fauna	Pongo pygmaeus	Endangered
8	Fauna	Hylobates albibarbis	Endangered
9	Fauna	Sus barbatus	Vulnerable
10	Fauna	Cervus sp	Vulnerable
11	Fauna	Helarctos malayanus	Vulnerable

We have dedicated 20.67 km² of conservation area within our concession to protect these species. In addition, we maintain certain natural landscape within our concession which supports the overall ecological balance. This includes some undisturbed forested area with high canopy cover, four natural hills (Bukit Rempangi, Bukit Temenggung, Bukit Mata Air and Bukit Karst) which are home to the two critically endangered fauna species, namely Pongo pygmaeus and Hylobates albibarbis, as well as some water catchment areas which serve as a natural control for floods and forest fires. We aim to continue our conservation efforts and conduct trees replanting spanning cumulatively 6,000 hectares of land by 2022.

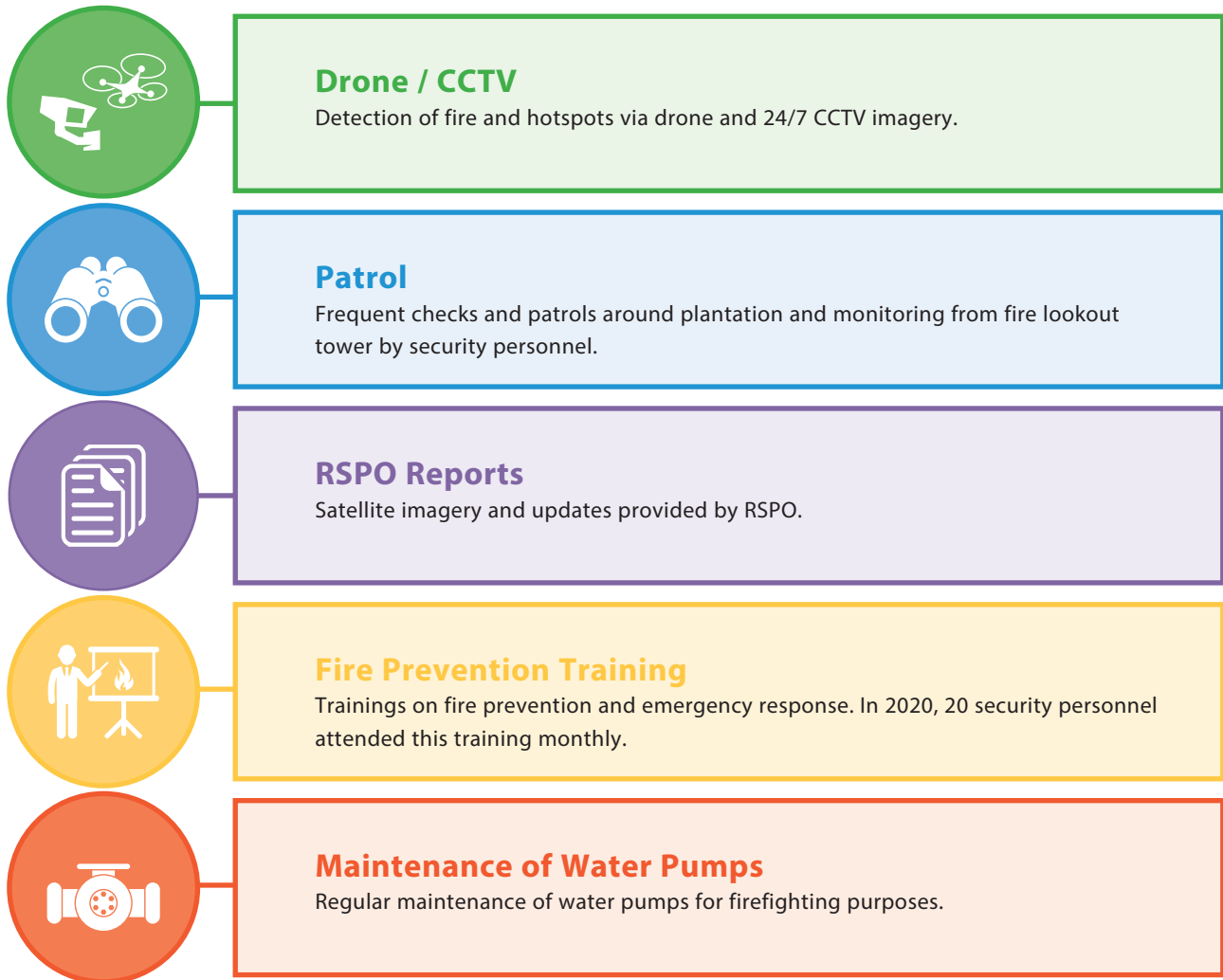
5B. FIRE AND HAZE

In recent years, the Asean region has experienced transboundary haze, which is harmful to human health and caused by forest fires. In particular, this is attributable to the “slash and burn” farming method which is adopted by some plantation owners as a cheaper alternative to clear land for fresh planting. This is aggravated by the presence of peatlands, which are highly flammable and can potentially lead to localised long duration sub-soil fires. The social cost of transboundary haze is immense, being not only financial in nature, but also leading to consequential loss of productivity, health risks, reputational damage, and others.

As an oil palm grower, we realise that we face the same risks as other plantation owners. In fact, our plantation and mill are located in West Kalimantan, a region which experiences a large number of hot spots during the dry season. In view of this, we have implemented a “Zero Burning” policy, which clearly mandates that we will not resort to burning to clear land for cultivation of new oil palms. Our commitment is to maintain zero incidences of fires within our concessions annually.

SUSTAINABILITY REPORT

Figure 13: Global Palm Resources' efforts to prevent fires within our concessions



In spite of our efforts to maintain zero cases of fires, we regret that there were six cases of burning activities detected within our area of control in 2020, measuring less than one hectare of land area each. We take all incidences of fires seriously, notwithstanding the size of affected area. Upon investigation, we found that these burning activities were done by some individuals who live within and around our plantation. To prevent re-occurrences of such incidences and increase local community awareness of the danger, we have subsequently shared the seriousness of such burning activities, as well as impressed the value we attach to our "Zero Burning" policy to the respective individuals.

Table 4: Number of fire incidences in from 2017 to 2020 in Pontianak Estate

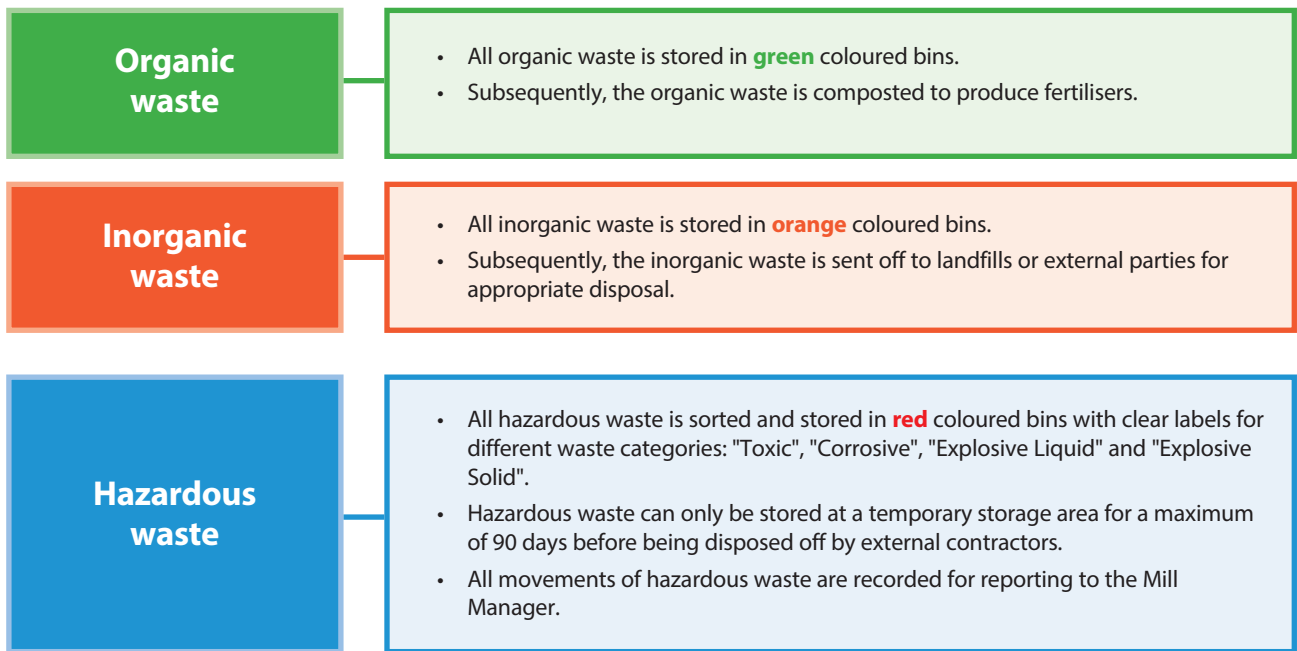
	Pontianak Estate			
	2017	2018	2019	2020
Number of fires within the concession zones	4	7	4	6

SUSTAINABILITY REPORT

5C. WASTE MANAGEMENT

Waste management is one of the key focus areas in our environmental management efforts. We are mindful of handling different types of wastes carefully, to prevent pollution and safety hazards. Our approach in managing different types of wastes is outlined below.

Figure 14: Global Palm Resources’ approach towards managing waste



The most common types of waste generated during our CPO production activity are Empty Fruit Bunches (“EFB”) and Palm Oil Mill Effluent (“POME”). Presently, we decompose the EFB in several landfills, whereas the POME undergoes treatment before being discharged into a nearby river, in line with the Indonesian government’s regulations. Another source of waste is used oil from our mill and its disposal is through a licensed contractor.

Figure 15: Amount of waste oil disposed in 2019 and 2020

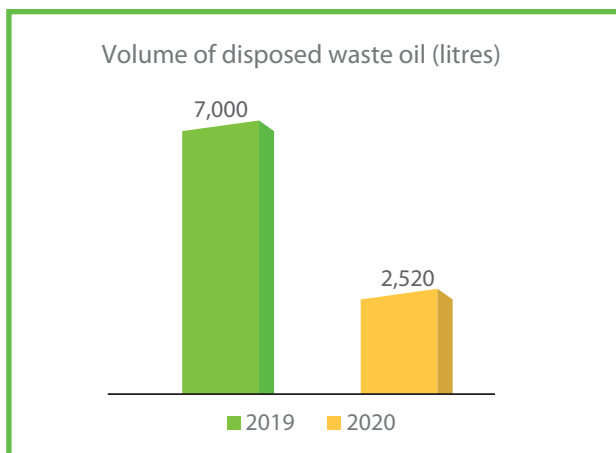
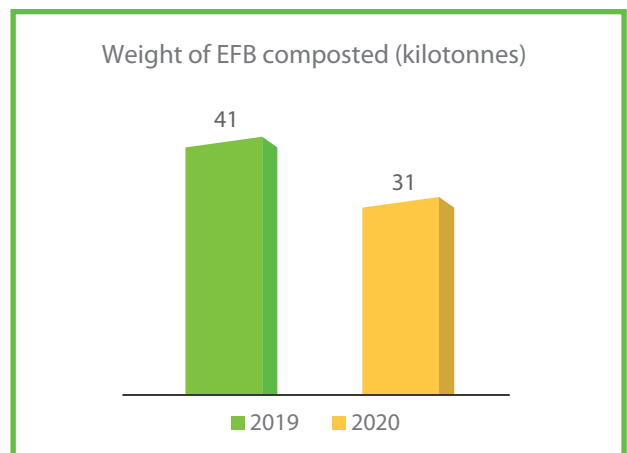


Figure 16: Weight of empty fruit bunches composted in 2019 and 2020



In 2020, we disposed off 2520 litres of used oil from our mill compared to 7000 litres in 2019. At the same time, we composted over 31 kilotonnes of EFB in 2019 and 2020. However, we are taking steps towards achieving zero waste in our mill.

SUSTAINABILITY REPORT

6. GRI INDEX

GRI 102: General Disclosure		
Disclosure		Location in the report or reason for omission
Organisational profile		
102-1	Name of the organisation	Chapter 2: About the report (page 14)
102-2	Activities, brands, products, and services	Chapter 2: About the report (page 14)
102-3	Location of headquarters	Singapore
102-4	Location of operations	Chapter 2: About the report (page 14)
102-5	Ownership and legal form	Chapter 2: About the report (page 14)
102-6	Markets served	Indonesia
102-7	Scale of the organisation	Chapter 2: About the report (page 14); Chapter 4A: Our Employee and Worker Demographics (page 21)
102-8	Information on employee and other workers	Chapter 4A: Our Employee and Worker Demographics (page 21)
102-9	Supply chain	Chapter 3C: Sustainability in our value chain (page 17); Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 24)
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to our supply chain.
102-11	Precautionary principle and approach	Chapter 4B: Forced Labour and Child Labour (page 23); Chapter 4C: Succession Planning (page 24); Chapter 5B: Fire and Haze (pages 26-27)
102-12	External initiatives	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
102-13	Membership of associations	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
Strategy		
102-14	Statement from senior decision-maker	Chapter 1: Message from our Chairman and CEO (pages 6-7)

SUSTAINABILITY REPORT

GRI 102: General Disclosure		
Disclosure		Location in the report or reason for omission
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Chapter 2: About Global Palm Resources (page 14)
Governance		
102-18	Governance structure	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
102-19	Delegating authority	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
102-20	Executive-level responsibility for economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
102-29	Identifying and managing economic, environmental, and social impacts	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
102-31	Review of economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
102-32	Highest governance body's role in sustainability reporting	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (pages 18-19)
Stakeholder Engagement		
102-40	List of stakeholder groups	Chapter 3A: Stakeholder engagement (pages 14-15)
102-41	Collective bargaining agreements	Approximately 98.7% of our employees in Indonesia and all our employees in Singapore are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Chapter 3A: Stakeholder engagement (pages 14-15)
102-43	Approach to stakeholder engagement	Chapter 3A: Stakeholder engagement (pages 14-15)
102-44	Key topics and concerns raised	Chapter 3A: Stakeholder engagement (pages 14-15)

SUSTAINABILITY REPORT

GRI 102: General Disclosure			
Disclosure		Location in the report or reason for omission	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Notes to Financial Statements (Page 107)	
102-46	Defining report content and topic boundaries	Chapter 3B: Materiality assessment (pages 16-17) Chapter 3C: Sustainability in our value chain (pages 17-18)	
102-47	List of material topics	Chapter 3B: Materiality assessment (pages 16-17)	
102-48	Restatements of information	Not applicable.	
102-49	Changes in reporting	Not applicable.	
102-50	Reporting period	Chapter 2: About the report (page 14)	
102-51	Date of most recent report	Not applicable.	
102-52	Reporting cycle	Chapter 2: About the report (page 14)	
102-53	Contact point for questions regarding the report	Chapter 2: About the report (page 14)	
102-54	Claims of reporting in accordance with the GRI Standards	Chapter 2: About the report (page 14)	
102-55	GRI content index	Chapter 6: GRI Index (pages 29-33)	
102-56	External assurance	Global Palm Resources has not sought external assurance for this report.	
Material matters			
GRI Standard	Disclosure	Location or reason for omission	
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5A: Conservation (page 26)
	103-2	The management approach and its components	Chapter 5A: Conservation (page 26)
	103-3	Evaluation of the management approach	Chapter 5A: Conservation (page 26)
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Chapter 5A: Conservation (page 26)
Fire and Haze			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5B: Fire and Haze (pages 26-27)
	103-2	The management approach and its components	Chapter 5B: Fire and Haze (pages 26-27)
	103-3	Evaluation of the management approach	Chapter 5B: Fire and Haze (pages 26-27)

SUSTAINABILITY REPORT

Material matters			
GRI Standard	Disclosure		Location or reason for omission
Forced Labor and Child Labor			
	103-1	Explanation of the material topic and its Boundary	Chapter 4B: Forced Labour and Child Labour (pages 23-24)
GRI 103: Management Approach	103-2	The management approach and its components	Chapter 4B: Forced Labour and Child Labour (pages 23-24)
	103-3	Evaluation of the management approach	Chapter 4B: Forced Labour and Child Labour (pages 23-24)
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Chapter 4B: Forced Labour and Child Labour (pages 23-24)
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chapter 4B: Forced Labour and Child Labour (pages 23-24)
Relationship with Communities, Indigenous People and Plasma Farmers			
	103-1	Explanation of the material topic and its Boundary	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 24-25)
GRI 103: Management Approach	103-2	The management approach and its components	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 24-25)
	103-3	Evaluation of the management approach	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 24-25)
GRI 411: Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 24-25)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments and development programs	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 24-25)
Succession Planning			
	103-1	Explanation of the material topic and its Boundary	Chapter 4C: Succession Planning (page 24)
GRI 103: Management Approach	103-2	The management approach and its components	Chapter 4C: Succession Planning (page 24)
	103-3	Evaluation of the management approach	Chapter 4C: Succession Planning (page 24)

SUSTAINABILITY REPORT

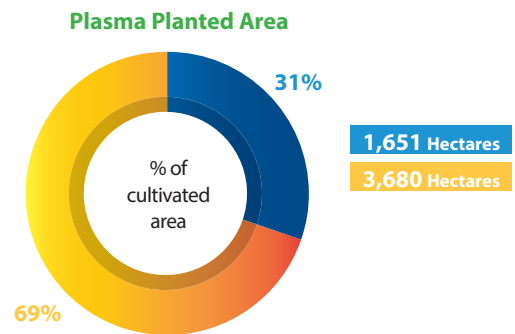
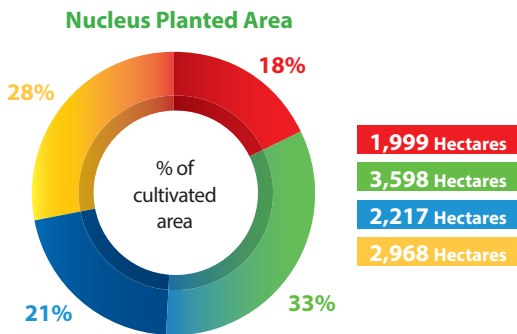
Material matters			
GRI Standard	Disclosure		Location or reason for omission
Waste Management			
	103-1	Explanation of the material topic and its Boundary	Chapter 5C: Waste Management (page 28)
GRI 103: Management Approach	103-2	The management approach and its components	Chapter 5C: Waste Management (page 28)
	103-3	Evaluation of the management approach	Chapter 5C: Waste Management (page 28)
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Chapter 5C: Waste Management (page 28)

OPERATIONAL HIGHLIGHTS

PLANTATIONS STATISTICS

Hectares	FY2018	FY2019	FY2020
Total Planted Area	13,300	13,415	16,113
Mature	11,054	10,759	14,114
Immature	2,246	2,656	1,999
Nucleus Planted Area	8,935	8,982	10,782
Mature	6,689	6,326	8,783
Immature	2,246	2,656	1,999
Plasma Planted Area	4,365	4,433	5,331
Mature	4,365	4,433	5,331
Immature	-	-	-

AREA CULTIVATED BY AGE PROFILE



■ First 3 years (Immature)
 ■ 4 – 6 years (Mature)
 ■ 7 – 18 years (Prime)
 ■ Above 18 years

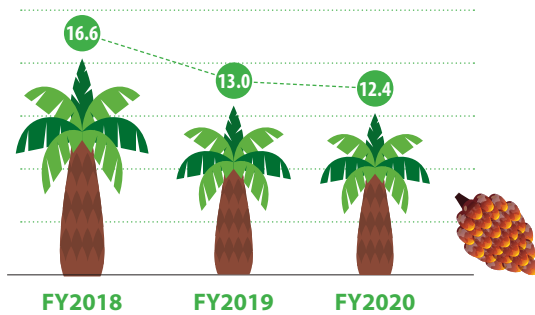


OPERATIONAL HIGHLIGHTS

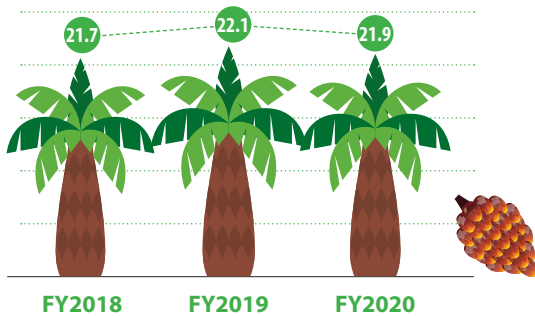
PRODUCTION VOLUME

Tonnes	FY2018	FY2019	FY2020
Total FFB Harvested	206,533	151,730	138,603
Nucleus	111,266	82,195	84,493
Plasma	95,267	69,535	54,110
FFB Processed	217,376	154,854	144,235
CPO Production	47,135	34,162	31,532
PK Production	8,526	6,642	5,453
Nucleus Planted Area	8,935	8,982	10,782
Mature	6,689	6,326	8,783
Immature	2,246	2,656	1,999
Plasma Planted Area	4,365	4,433	5,331
Mature	4,365	4,433	5,331
Immature	-	-	-

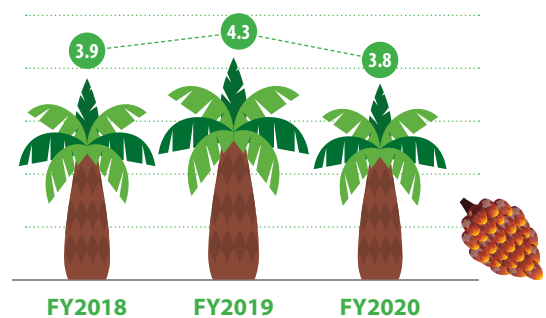
FFB YIELD (tonnes/ha)



CPO EXTRACTION RATE (%)



PK EXTRACTION RATE (%)



FINANCIAL HIGHLIGHTS

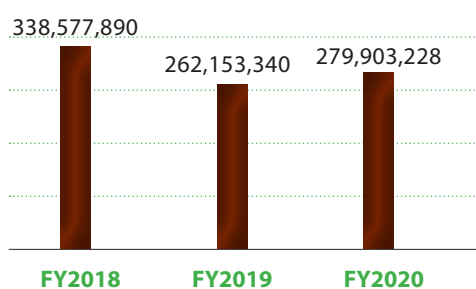
INCOME STATEMENT

Rp '000	FY2018	FY2019	FY2020
Revenue	338,577,890	262,153,340	279,903,228
Gross profit	30,689,116	1,057,484	46,657,392
Gross profit margin (%)	9.1	0.4	16.7
Loss before income tax	(4,462,848)	(39,060,853)	(8,687,061)
Loss for the financial year	(7,509,599)	(40,665,777)	(7,414,243)
Loss attributable to owners of the parent	(7,395,850)	(38,512,724)	(7,222,962)
Loss per share (Basic and diluted)	(38)	(196)	(36)
EBITDA	(456,206)	(27,344,330)	1,047,711

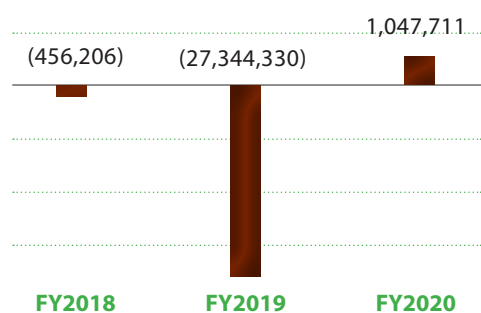
BALANCE SHEET

Rp '000	FY2018	FY2019	FY2020
Total assets	724,741,616	702,199,708	879,816,578
Total liabilities	71,872,460	102,774,235	134,542,673
Total equity	652,869,156	599,425,473	745,273,905
Equity attributable to owners of the parent	635,469,216	583,183,249	721,914,707

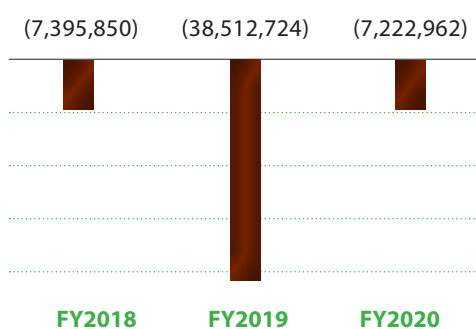
REVENUE (Rp '000)



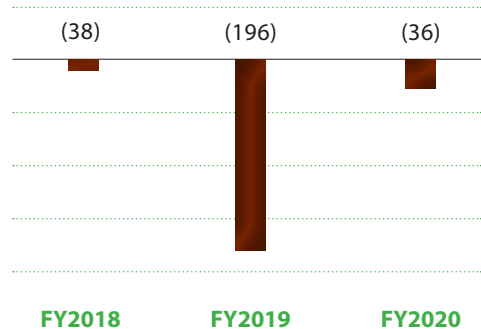
EBITDA (Rp '000)



LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT (Rp '000)



LOSS PER SHARE (Rp)



FINANCIAL REVIEW

The conversion rates used in this annual report are S\$1:Rp10,644 for FY2020 and S\$1:Rp10,321 for FY2019.

REVIEW OF THE GROUP'S PERFORMANCE

Global Palm Resources reported a 7% increase in revenue to Rp279.9 billion (S\$26.3 million) in FY2020 from Rp262.2 billion (S\$25.4 million) in FY2019, mainly due to higher crude palm oil ("CPO") and palm kernel ("PK") average selling prices, offset by lower CPO and PK sales volume. The Group also recorded a sales revenue of Rp4.2 billion (S\$0.4 million) from fresh fruit bunches ("FFB") from the newly-acquired subsidiary, PT Cemarum Lestari.

Gross profit increased 4,312% from Rp1.1 billion (S\$0.1 million) in FY2019 to Rp46.7 billion (S\$4.4 million) in FY2020. Gross profit margin increased 16.3% points from 0.4% in FY2019 to 16.7% in FY2020.

The Group incurred a net loss attributable to shareholders of Rp7.2 billion (S\$0.7 million) for FY2020, compared to a net loss attributable to shareholders of Rp38.5 billion (S\$3.7 million) for FY2019.

Revenue

In FY2020, the Group's revenue from CPO increased 6% from Rp235.6 billion (S\$22.8 million) in FY2019 to Rp249.7 billion (S\$23.5 million). Revenue from PK decreased 2% from Rp26.5 billion (S\$2.6 million) in FY2019 to Rp26.0 billion (S\$2.4 million) in FY2020. The Group has also incorporated a sales revenue from FFB of Rp4.2 billion (S\$0.4 million) from the newly-acquired subsidiary in FY2020.

ANNUAL SALES REVENUE BY PRODUCT

Rp '000	FY2018	FY2019	FY2020
CPO	306,151,110	235,630,307	249,707,269
PK	32,426,780	26,523,033	25,967,124
FFB	-	-	4,228,835

ANNUAL SALES VOLUME BY PRODUCT

Tonnes	FY2018	FY2019	FY2020
CPO	46,325	36,519	30,012
PK	6,501	8,568	5,994
FFB	-	-	2,182

ANNUAL AVERAGE SELLING PRICES BY PRODUCT

Rp/kg	FY2018	FY2019	FY2020
CPO	6,609	6,452	8,320
PK	4,988	3,095	4,332
FFB	Not applicable*	Not applicable*	1,938

* There were no sales of FFB in FY2018 and FY2019.



FINANCIAL REVIEW

Sales Volume

In FY2020, the Group sold 30,012 tonnes of CPO and 5,994 tonnes of PK, compared to 36,519 tonnes of CPO and 8,568 tonnes of PK a year ago. This represented a 18% decrease in the sales volume for CPO and a 30% decrease in the sales volume for PK. The Group has also incorporated 2,182 tonnes of sales of FFB in FY2020, from the newly-acquired subsidiary, PT Cemarum Lestari.

Average Selling Price

The average selling price ("ASP") of CPO increased 29% to Rp8,320/kg (S\$0.78/kg) while the ASP for PK increased 40% to Rp4,332/kg (S\$0.41/kg) in FY2020. ASP of FFB was at Rp2,182/kg (S\$0.20/kg) in FY2020.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Key Highlights (Rp' billion)	As at 31 December 2020	As at 31 December 2019	Change (%)
Total Assets	879.8	702.2	25.2
– Bearer plants	293.6	124.6	135.5
– Property, plant and equipment	177.6	148.0	20.0
– Plasma plantation receivables	55.3	60.1	(8.0)
– Biological assets	16.8	9.4	79.1
– Inventories	41.0	27.8	47.8
– Cash and cash equivalents	173.9	263.1	(33.9)
Total Liabilities	134.5	102.8	30.9
– Trade and other payables	50.0	50.6	(1.1)
– Provision for post-employment benefits	43.4	34.4	26.2
Total Equity	745.3	599.4	24.3



FINANCIAL REVIEW

NON-CURRENT ASSETS

Non-current assets for the Group increased by Rp255.2 billion or 70%, from Rp363.2 billion (S\$35.2 million) as at 31 December 2019 to Rp618.4 billion (S\$58.1 million) as at 31 December 2020. This was mainly due to the acquisition of PT Cemar Lestari, which accounted for an increase in the Group's bearer plants of Rp159.1 billion (S\$14.9 million), property, plant and equipment of Rp21.7 billion (S\$2.0 million) and operating use rights of Rp57.2 billion (S\$5.4 million). There is also an increase in the Group's bearer plants of Rp9.8 billion (S\$0.9 million) from additional plantings, and increase in property, plants and equipment of Rp8.0 billion (S\$0.7 million) in FY2020.

CURRENT ASSETS

Current assets for the Group decreased by Rp77.6 billion (S\$7.3 million) or 23%, from Rp339.0 billion (S\$32.8 million) as at 31 December 2019 to Rp261.4 billion (S\$24.6 million) as at 31 December 2020. This was mainly due to decrease in cash and cash equivalents of Rp89.3 billion (S\$8.4 million), which mainly resulted from the acquisition of PT Cemar Lestari and decrease in income tax recoverable of Rp14.7 billion (S\$1.4 million). This was offset by an increase in inventories of Rp13.2 billion (S\$1.2 million), increase in biological assets of Rp7.4 billion (S\$0.7 million) and increase in financial assets at fair value through profit or loss of Rp7.3 billion (S\$0.7 million).

CURRENT LIABILITIES

Current liabilities for the Group decreased by Rp0.5 billion (S\$0.1 million) or 1%, from Rp52.1 billion (S\$5.0 million) as at 31 December 2019 to Rp51.6 billion (S\$4.9 million) as at 31 December 2020. This was mainly due to decrease in trade and other payables of Rp0.6 billion (S\$0.1 million), decrease in lease liabilities of Rp0.3 billion (S\$0.1 million) and offset by an increase in income tax payable of Rp0.4 billion (S\$0.1 million) in FY2020.

NON-CURRENT LIABILITIES

Non-current liabilities for the Group increased Rp32.2 billion (S\$3.0 million) or 64%, from Rp50.6 billion (S\$4.9 million) as at 31 December 2019 to Rp82.9 billion (S\$7.8 million) as at 31 December 2020. This was mainly due to increase in deferred tax liabilities of Rp24.2 billion (S\$2.3 million) and increase in provision for post-employment benefits of Rp9.0 billion (S\$0.8 million) in FY2020. This was offset by a decrease in lease liability of Rp0.9 billion (S\$0.1 million).

ACCUMULATED LOSSES

The accumulated losses of Rp189.8 billion (S\$17.8 million) was mainly contributed by the accumulated losses of Rp180.8 billion (S\$17.5 million) brought forward from FY2019, and total comprehensive loss attributable to owners of the parent of Rp9.1 billion (S\$0.9 million) in FY2020.

FINANCIAL POSITION

The net asset value ("NAV") of the Group was Rp745.3 billion (S\$70.0 million) as at 31 December 2020. NAV/share decreased to Rp2,969/share (S\$0.28/share) as at 31 December 2020 from Rp3,060/share (S\$0.30/share) as at 31 December 2019.

FINANCIAL REVIEW



REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Key Highlights (Rp' billion)	FY2020	FY2019	Change (%)
Net cash generated from operating activities	23.7	30.8	(23)
Net cash used in investing activities	(115.8)	(47.2)	145.3
Net cash used in financing activities	(1.7)	(2.5)	(31.6)
Cash and cash equivalents at the end of the year	173.9	263.1	(33.9)

Net cash generated from operating activities of Rp23.0 billion (S\$2.2 million) in FY2020 was mainly due to the increase in operating profit in FY2020.

Net cash used in investing activities of Rp115.0 billion (S\$10.8 million) in FY2020 was mainly due to the acquisition of 95% of the issued and paid-up ordinary share capital of PT Cemaru Lestari, purchases of property, plant and equipment of Rp24.0 billion (S\$2.3 million), and capital expenditure on bearer plants of Rp16.5 billion (S\$1.5 million). Net cash used in the acquisition of PT Cemaru Lestari is Rp66.7 billion (S\$6.3 million).

Net cash used in financing activities of Rp1.7 billion (S\$0.2 million) in FY2020 was mainly due to the repayment of lease liabilities of Rp1.1 billion (S\$0.1 million) and repayment of obligations under finance leases of Rp0.4 billion (S\$0.1 million).

Overall, the Group's cash position remained healthy with an accumulation of cash resources of Rp173.9 billion (S\$16.3 million) as at 31 December 2020.

FINANCIAL CONTENTS

Financial Statement and Other Matters

- 42** Corporate Governance Report
- 61** Directors' Statement
- 64** Independent Auditor's Report
- 71** Consolidated Statement Of Comprehensive Income
- 72** Statements Of Financial Position
- 73** Statements Of Changes In Equity
- 76** Consolidated Statement Of Cash Flows
- 78** Notes To The Financial Statements



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) recognises the importance of corporate transparency and is committed to high standards of corporate governance to protect shareholders’ interests, and enhance shareholders’ value. This report describes the Company’s corporate governance policies and practices with specific reference made to each of the principles of the Code of Corporate Governance which was revised in August 2018 (the “Code”). Unless otherwise stated, these practices were in place for the entire year.

This Report describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

The Board’s primary role is to protect and enhance long-term shareholders’ value and returns. The Board meets half-yearly and as warranted by particular circumstances, as deemed appropriate by the members of the Board.

The principal functions of the Board in addition to its statutory duties and responsibilities, amongst other things are the following:

- providing entrepreneurial leadership, setting strategic directions, overseeing management effectiveness and ensuring proper conduct and sustainable development of the Group’s business;
- providing the overall strategy of the Group;
- ensuring that policies and processes are in place for evaluating the adequacy of internal controls, financial reporting, financial performance, risk management and compliance; and
- assuming responsibility for the corporate governance framework of the Group.

To assist the Board in the execution of its responsibilities, the Board is supported by 4 Board Committees, namely the Nominating Committee (“NC”), the Remuneration Committee (“RC”) and the Audit Committee (“AC”) and Risk Committee. Each Board Committee has its own terms of reference.

The Company has taken steps to ensure participation of all Directors when selecting Directors to the 4 committees so as to maximise their effectiveness. All Board Committees are headed by Independent Directors.

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held and attended by each Board member for the financial year ended 31 December 2020 is set out as follows:

Meetings Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Dr Tan Hong Kiat @ Suparno Adijanto	2	2	3	*3	1	1	1	*1
Ivan Swandono	2	2	3	*2	1	*1	1	*1
Yee Kit Hong	2	2	3	3	1	1	1	1
M. Rajaram	2	1	3	2	1	1	1	1
Guok Chin Huat Samuel	2	2	3	3	1	1	1	1

* By invitation.

The Company's Constitution provide for the Directors to participate in Board and Board Committee meetings by means of telephone conference, video conference or in such manner as the Board may determine.

The Board has received relevant training to familiarise themselves with the roles and responsibilities of a Director of a public listed company in Singapore. In addition, the Directors may also attend other appropriate or relevant courses, conferences and seminars. Management would conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses and operations of the Group, including site visits to the Group's plants in Indonesia.

The Board has identified the following areas for which the Board has direct responsibility for decision making within the Group:-

- Approval of corporate strategies;
- Approval of material acquisitions and disposals of assets*;
- Approval of any major borrowing and corporate guarantees in relation to borrowings*;
- Approval of issuance of shares and declaration of dividends*;
- Approval of the annual report and audited financial statements;
- Convening of general meetings;
- Approval of the Group's half-yearly and full year financial result announcements for release to the Singapore Exchange Securities Trading Limited ("SGX-ST");
- Approval of announcements and press releases concerning the Group to the SGX-ST; and
- Approval of any agreement that is not in the ordinary course of business*.

* Where appropriate and subject to shareholders' approval.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board comprises 5 members, the majority of whom are Independent Directors.

Executive Directors

Dr Tan Hong Kiat @ Suparno Adijanto (Chairman and Chief Executive Officer)

Ivan Swandono (Executive Director and Chief Operating Officer)

Independent Directors

Yee Kit Hong

M. Rajaram

Guok Chin Huat Samuel

Under Provision 2.1 of the Code, an “independent” director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

Mr Yee Kit Hong and Mr M. Rajaram were appointed as independent directors of the Company since 16 March 2010, have served the Board beyond nine years. Taking into account the views of the Nominating Committee (“NC”), the Board concurs with the NC that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the NC and the Board consider it more appropriate to exercise independence of judgment in their deliberation in the interest of the Company. The Board has undertaken a rigorous review of their independence which includes critical examination of any conflicts of interest, as well as other factors such as their review and scrutiny of matters and proposals put before the Board.

The Board is of the view that the Mr Yee Kit Hong and Mr M. Rajaram has over the years developed significant insights in the Group’s business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. After taking into account all the previously mentioned factors, the Board (with Mr Yee Kit Hong and Mr M. Rajaram on abstention) concurred that Mr Yee Kit Hong and Mr M. Rajaram are independent.

With effect from 1 January 2022,

- (a) Rule 210(5)(d) of the Listing Manual of the SGX-ST requires a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director to seek approval in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer (“2-tier voting mechanism”).

Accordingly, Mr Yee Kit Hong and Mr M. Rajaram will be required to adhere to the above 2-tier voting mechanism should they wish to seek for re-election as independent director; and

- (b) Rule 210(5)(c) of the Listing Manual of the SGX-ST requires the number of independent directors to comprise at least one-third of the issuer’s board. In view that Mr Yee Kit Hong and Mr M. Rajaram would have fulfilled the 2-tier voting mechanism requirement, as at 1 January 2022, only Mr Guok Chin Huat Samuel will no longer be independent.

CORPORATE GOVERNANCE REPORT

For the avoidance of doubt, Mr Guok Chin Huat Samuel will be subject to the 2-tier voting mechanism at the next AGM in 2022 for his retirement and re-election as independent director.

The Board considers a Director “independent” if he is one who is independent in conduct, character and judgment and has no relationship with the Company, its related corporations, its substantial shareholders (as defined in the Code) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment with a view to the best interests of the Company.

The independence of each Director will be reviewed annually by the Nominating Committee in accordance with the Code’s definition of independence. Each Independent Director is required to complete a ‘Confirmation of Independence’ to confirm his independence. The said confirmation, which was drawn up based on the definitions and guidelines set forth in the Code and the Guidebook for Audit Committees in Singapore issued by Audit Committee Guidance Committee (“Guidebook”) in October 2008, requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

The NC noted that pursuant to Guideline 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman of the Board is not independent. Accordingly, the NC has reviewed the forms completed by each Director and is satisfied that a majority of the Board comprises of Independent Directors.

The Directors’ profiles are shown in the “Board of Directors” section of this Annual Report as set on pages 8 to 11.

As and when directors serve beyond nine years, the NC performs a particularly rigorous review to assess the independence of the relevant directors. The NC and the Board, in its deliberation as to the independence of a director, takes into account examples of relationships as set out in the Code.

The Independent Directors each possess the relevant core competencies in areas such as accounting and finance, strategic planning, business and management. In particular, the Independent Directors, who are professionals and experts in their own fields – including law, financial audit and business operation and management with extensive knowledge and experience, are able to take a broader view of the Group’s activities, share their valuable experiences and provide independent and objective judgement during Board deliberations or when challenging/evaluating Management’s proposals or decisions constructively on business activities and transactions involving conflicts of interest and other complexities. The Independent Directors also contribute to the Board’s process by monitoring and reviewing Management’s performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group’s business. The Independent Directors helped develop both the Group’s short-term and long-term business strategies, corporate governance compliance and played important role in tightening the internal control processes risk and compliance monitoring. They also communicate among themselves without the presence of Management as and when the need arises. The Company also benefited from the Management’s ready access to the Independent Directors for guidance and exchange of views both within and outside the formal Board or committees’ meetings.

In line with the Code, the NC had conducted a rigorous review on the independence of the Non-Executive Directors, Mr Yee Kit Hong, Mr M. Rajaram and Mr Guok Chin Huat Samuel (each of whom has served on the Board beyond nine (9) years). Each Independent Director had abstained from the discussions pertaining to the rigorous review of their own independence. The Nominating Committee, with the concurrence of the Board, is satisfied that after a rigorous review of their independence undertaken by the NC, each of Mr Yee Kit Hong, Mr M. Rajaram and Mr Guok Chin Huat Samuel continue to be considered independent in their exercise of objective judgements on the corporate affairs of the Company, notwithstanding that each of them has served on the Board for more than nine years from the date of their first appointment.

CORPORATE GOVERNANCE REPORT

The Board diversity policy takes into account the scope and nature of the Group's operations, the diversified background, knowledge and experience of the Directors who collectively possess the necessary core competencies to function effectively and make informed decisions in overseeing the Company's business. The Board regularly examines its size and composition, which comprises members from different background whose core competencies, qualifications, skills and experiences are met with the requirements of the Group. The Board is satisfied that it is on an appropriate size to facilitate effective deliberations and decision making.

The Independent Directors and Non-Executive Director, led by the Lead Independent Director, will meet at least once a year without the presence of Management to discuss on pertinent matters like the performance of Management, risk management, internal controls, Management succession planning and important business issues. During the financial year, the Independent Directors have met once without the presence of Management.

Role of Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman and CEO are the same person. The Board is of the view that there are sufficient safeguards in place to ensure that the Management is accountable to the Board as a whole.

The Chairman and CEO of the Group is Dr Tan Hong Kiat @ Suparno Adjianto. As the Chairman, he is responsible for leading the Board to ensure its effectiveness on all aspects of its role. He sets the agenda for Board meetings, ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He promotes a culture of openness and debate at the Board and encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of Non-Executive Directors, and ensures effective communication with shareholders. He takes a lead role in promoting high standards of corporate governance.

Although the roles and responsibilities of the Chairman and CEO are vested in Dr Tan Hong Kiat @ Suparno Adjianto, major decisions are made in consultation with the Board, the majority of whom are Independent Directors. The Board is of the opinion that the process of decision making by the Board was independent and based on collective decisions without any individual or small group of individuals dominating the Board's decision making.

In line with Guideline 3.3 of the Code, the Company appointed Mr Yee Kit Hong as its Lead Independent Director with effect from 16 March 2010. The Lead Independent Director will lead and coordinate the activities of the Independent Directors and serve as a principal liaison on Board issues between the Independent Directors and the Chairman of the Board. The Lead Independent Director is available to shareholders who have concerns which contact through the normal channels of the Chairman, CEO, Executive Directors or Chief Financial Officer ("CFO") have failed to resolve or for which such contact is inappropriate.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises 3 Independent Directors and an Executive Director. The members of the NC are:

M. Rajaram (Chairman)
Yee Kit Hong
Guok Chin Huat Samuel
Dr Tan Hong Kiat @ Suparno Adijanto

The NC is governed by its terms of reference. In accordance with the requirement of the Code, the Chairman of the NC is an Independent Director and the Lead Independent Director is also a member of the NC.

The NC makes recommendation to the Board on relevant matters relating to the review of board succession plans for Directors, in particular, the Chairman and for the CEO; the development of the process for evaluation of the performance of the Board, its Board Committees and Directors, the review of training and professional development programs for the Board; and the appointment and re-appointment of Directors.

It ascertains the independence of Directors and evaluates the Board's performance as a whole. The NC assesses the independence of Directors, based on the guidelines set out in the Code, the Guidebook and any other salient factors.

Following its annual review, the NC has affirmed the independence of Mr M. Rajaram, Mr Yee Kit Hong and Mr Guok Chin Huat Samuel. The NC, in recommending the nomination of any Director for a re-election, considers the contribution of the Director, which includes his attendance record, overall participation, expertise, strategic vision, business judgment and sense of accountability.

The NC ensures that the Board and the Board Committee members are best suited for their respective appointments and able to discharge their responsibilities as such members of the Board and/or Board Committees. In addition, the selection of Directors requires careful assessment to ensure there is an equitable distribution of responsibilities amongst the Directors.

In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, to identify desirable competencies for a particular appointment. In doing so, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Group.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations. Nevertheless, in line with the Code, the Board has adopted the general rule that each Director should hold no more than 4 Board appointments.

Pursuant to the Company's Constitution, every Director (other than a Director holding office as Managing Director) must retire from office at least once every 3 years by rotation. Directors who retire are eligible to offer themselves for re-election. The CEO, as a Director, is subject to the same retirement-by-rotation provisions as the other Directors and such provisions will not be subject to any contractual terms that he may have entered into with the Company. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-appointment as a Director.

CORPORATE GOVERNANCE REPORT

After assessing the contribution and performance of the retiring Directors, the NC has recommended the re-election of Mr Yee and Mr Rajaram, who will be retiring by rotation at the forthcoming AGM under Article 89 of the Company's Constitution. Mr Yee and Mr Rajaram have offered themselves for re-election and the Board has accepted the recommendations of the NC.

Further information of Mr Yee and Mr Rajaram is set out in the section titled "Additional Information on Directors seeking re-election" appended to the Notice of AGM dated 12 April 2021, in accordance with Rule 720(6) of the Listing Manual of SGX-ST.

Mr Yee, upon re-election as director, remain as the Chairman of the AC and member of the NC and RC.

Mr Rajaram, upon re-election as director, remain as the Chairman of the NC and member of the AC, RC and Risk Committee.

Mr Yee Kit Hong and Mr M. Rajaram will be retiring at the forthcoming annual general meeting to be held on 27 April 2021 ("AGM"). The NC has reviewed and recommended the re-election of the abovementioned Directors at the forthcoming AGM. The Board has accepted the recommendation and Mr Yee Kit Hong and Mr M. Rajaram will be offering themselves for re-election. Key information regarding the Directors is set out below:

Director	Designation	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments/Other Principal Commitments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Dr Tan Hong Kiat @ Suparno Adijanto	Executive Chairman & CEO	13 November 2009	30 April 2019	<ul style="list-style-type: none"> - Executive Chairman & CEO, Global Palm Resources Holdings Limited - Commissioner, PT Resource Alam Indonesia TBK 	Nil
Ivan Swandono	Executive Director & COO	12 May 2016	26 June 2020	<ul style="list-style-type: none"> - COO and Executive Director, Global Palm Resources Holdings Limited - Director, PT Bumisubur Lestartani - Director, PT Bumiraya Utama - Director, PT Bumiraya Utama Industries Logam - Director, PT Bumi Prestis Jaya - Director, PT Bumi Kencana Damai - Director, PT Bumi Mentari Indah - Director, PT Bumi Sakura Jaya - Director, PT Bumiraya Ritel Indonesia - Director, PT Lestari Anugerah Ritel Indonesia Semesta - President Director, PT Inti Saudara Lestari - Director, PT Mega Bauksit Nusantara - Director, PT Sinar Kapuas Kalbar - Director, PT Sejahtera Jaya Cita - Director, PT Adinaco Serasi 	Nil

CORPORATE GOVERNANCE REPORT

Director	Designation	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments/Other Principal Commitments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Yee Kit Hong	Lead Independent Director	16 March 2010	26 June 2020	<p><u>Listed Companies</u></p> <ol style="list-style-type: none"> Acromec Limited as Independent Director Koon Holdings Limited as Independent Director Nam Cheong Limited as Independent Director <p><u>Other Principal Commitments</u></p> <ol style="list-style-type: none"> Partner, Kit Yee & Co Partner, JH Tan & Associates Director, Chartwell Investments Pte Ltd 	Nil
M. Rajaram	Independent Director	16 March 2010	26 June 2020	<p><u>Listed Companies</u></p> <ol style="list-style-type: none"> Hiap Seng Engineering Ltd as Independent Director <p><u>Other Principal Commitments</u></p> <ol style="list-style-type: none"> Chairman, K&L Gates Straits Law LLC 	Nil
Guok Chin Huat Samuel	Independent Director	16 March 2010	30 April 2019	<p><u>Listed Companies</u></p> <ol style="list-style-type: none"> International Cement Group Ltd as Independent Director Redwood Group Ltd as Independent Director RE&S Holdings Limited as Independent Director <p><u>Other Principal Commitments</u></p> <ol style="list-style-type: none"> Director, Starhealth Pte Ltd Director, Campelltown Asia Pte Ltd Director, Campelltown Investment Holdings Pte Ltd Director, Tellus Asset Management Pte Ltd 	<p><u>Listed Companies</u></p> <ol style="list-style-type: none"> Asiatravel.com Holdings Ltd as Independent Director Bukit Sembawang Estates Limited as Chairman and Independent Director Datapulse Technology Limited as Independent Non-Executive Director

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

With the approval of the Board, the NC had implemented and continued with an annual performance evaluation process to assess the effectiveness of the Board as a whole. The purpose of the evaluation is to increase the overall effectiveness of the Board. The NC has decided unanimously, that the Directors will not be evaluated individually but factors taken into consideration for their re-appointment are amongst other things, the attendance record at meetings, the intensity of participation in the proceedings at meetings and quality of contribution in the proceedings of the meetings.

CORPORATE GOVERNANCE REPORT

Each Director is requested to complete evaluation forms to assess the overall effectiveness of the Board as a whole. The appraisal process focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, communication with Management and Directors' standards of conduct. The results of the evaluation are used constructively by the NC to identify areas of improvements and to recommend to the Board the appropriate action.

Individual Director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties).

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Remuneration Committee ("RC") comprises 3 Independent Directors, namely:

Guok Chin Huat Samuel (Chairman)
Yee Kit Hong
M. Rajaram

The RC is governed by its terms of reference. In accordance with the requirement of the Code, all members of the RC are Non-Executive Directors. The RC will review the framework of remuneration for the Directors and key management personnel, and determine specific remuneration packages for the CEO and Executive Directors. The recommendations of the RC are submitted for endorsement by the entire Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. The RC is also empowered to review human resource management policies and the policies governing the compensation of key management personnel.

The total remuneration of the employees who are related to our Directors will be reviewed annually by the RC to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he will abstain from voting on the matter.

In structuring and reviewing the Directors' remuneration packages, a significant and appropriate proportion of Executive Director's and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. The RC seeks to align such performance related remuneration with the interest of shareholders and promote the long-term success of the Company. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The objective is to ensure competitive compensation is in place to build and retain capable and committed Management.

The RC did not engage any external professional advice on matters relating to remuneration for the financial year ended 31 December 2020. The RC will ensure that existing relationships, if any, between the Company and such professional advisers, should they be appointed, will not affect the independence and objectivity of the professional advisers.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In setting remuneration packages, the RC will take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages would take into account the Group's relative performance and the performance of individual Director.

Executive Directors do not receive Directors' fees. The remuneration for Executive Directors and key management personnel comprise of basic salary component and variable component, namely the annual incentive bonus. The latter is based on the performance of the Group as a whole and their individual performance.

The Company entered into service agreement with Dr Tan Hong Kiat @ Suparno Adijanto as Executive Director. The service agreement is for an initial period of 3 years commencing from the date of the listing of the Company on the SGX-ST, subject to an automatic renewal for a 3-year term on the same terms and conditions upon the expiry thereof. During the initial period of 3 years, the parties may terminate the service agreement by either party giving not less than 6 months' notice in writing to the other. The agreement currently provides for performance-related elements of remuneration.

Non-Executive Directors are paid Directors' fees, appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, subject to shareholders' approval at AGM.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors

A breakdown of each Director's remuneration for the financial year ended 31 December 2020 is set out below:

Remuneration Band	Number of Directors	Number of Directors
	2020	2019
S\$250,000 to below S\$500,000	1	1
Below S\$150,000	4	4

Directors	Fees S\$'000	Salary/Allowance S\$'000	Bonus/Benefit S\$'000	Total S\$'000
Dr Tan Hong Kiat @ Suparno Adijanto	–	300	33	333
Ivan Swandono	–	101	10	111
Yee Kit Hong	65	–	–	65
M. Rajaram	60	–	–	60
Guok Chin Huat Samuel	60	–	–	60

Notes:

- The remuneration of Dr Tan Hong Kiat @ Suparno Adijanto and Ivan Swandono are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.
- The remuneration of Dr Tan Hong Kiat @ Suparno Adijanto and Ivan Swandono are converted based on the exchange rate of S\$1: Rp10,644 for FY2020 for the purpose of this report.
- Ivan Swandono is the nephew of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (Dr Tan Hong Kiat @ Suparno Adijanto's brother).

CORPORATE GOVERNANCE REPORT

Remuneration of Top Five Key Executives

The remuneration of the top five key management personnel for the financial year ended 31 December 2020 are as follows:-

Remuneration Band	Number of Executives	
	FY2020	FY2019
Below S\$250,000*	5	5

Name of Executives	Fees	Salary/Allowance	Bonus/Benefit	Total
	%	%	%	%
Below S\$250,000				
Ge Luyanto Yamin*	-	94	6	100
Lim Ardi Dharma*	-	89	11	100
Berlino Mahendra*	-	82	18	100
Hendrik Virgilius*	-	94	6	100
Wong Kim Poh*	-	85	15	100

The aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2020 is S\$373,731*.

Notes:

- The remuneration of Ge Luyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.
- The remuneration of Ge Luyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are converted based on the exchange rate of S\$1: Rp10,644 for FY2020 for the purpose of this report.

Remuneration of Immediate Family Members of CEO and Executive Directors

Information on the remuneration of employees who are immediate family of the CEO and Executive Directors is as follows:-

Remuneration Band/Name of employees	Fees	Salary/Allowance	Bonus/Benefit	Total
	%	%	%	%
Below S\$50,000				
Tan Hong Pheng @ Pintarso Adijanto	-	88	12	100
Tan Ying Mei	-	92	8	100
S\$150,001 to S\$200,000				
Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto	-	89	11	100

Notes:

- The remuneration of Tan Hong Pheng @ Pintarso Adijanto, Tan Ying Mei and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.
- The remuneration of Tan Hong Pheng @ Pintarso Adijanto, Tan Ying Mei and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are converted based on the exchange rate of S\$1: Rp10,644 for FY2020 for the purpose of this report.
- Tan Hong Pheng @ Pintarso Adijanto and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are the brothers of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO.
- Tan Ying Mei is the niece of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO, and the daughter of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (Dr Tan Hong Kiat @ Suparno Adijanto's brother).

CORPORATE GOVERNANCE REPORT

The RC has reviewed and approved the remuneration packages of the Executive Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the remuneration packages are adequate but not excessive.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board recognises that all risk management and internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, human error, fraud or other irregularities. In order to control, manage and mitigate these risks, the Company has formed the Risk Committee (the "Risk Committee") on 8 May 2013.

The Risk Committee comprises 2 Independent Directors and an Executive Director, namely:

Guok Chin Huat Samuel (Chairman)
M. Rajaram
Dr Tan Hong Kiat @ Suparno Adijanto

The Risk Committee is governed by its terms of reference. The primary role of the Risk Committee is to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

The Risk Committee determines the Company's levels of risk tolerance and risk policies, and oversees the Management in the design and implementation of a framework for the monitoring of risk management. It regularly reviews the risks and controls of the Group's business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Risk Committee. The Risk Committee reviews, at least annually, the adequacy and effectiveness of the Company's risk management and internal control systems, of which includes the financial, operational, compliance and information technology controls.

The Board with the assistance of the Risk Committee and the Audit Committee, has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems (addressing financial, operational, compliance and information technology risks). The Board's annual assessment in particular considered:

- (a) the changes since the last annual assessment in the nature and extent of significant risks (including risks associated with COVID-19 pandemic), and the Company's ability to respond to changes in its business and the external environment;
- (b) the scope and quality of management's ongoing monitoring of risks, changes in risk profile and of the system of internal controls and the work of its internal audit function and other providers of assurance; and
- (c) any incidence of significant internal control weaknesses that were identified during the financial year.

Based on the framework of risk management control and the internal controls established and maintained by the Company, work performed by the internal and external auditors, reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that, the system of risk management and internal controls that has been maintained by the Management was adequate to address the financial, operational, compliance and information technology risks of the Company.

CORPORATE GOVERNANCE REPORT

The Board has received assurances from the CEO, COO and the CFO that:-

- (a) the financial records of the Group for the financial year ended 31 December 2020 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The Audit Committee ("AC") comprises 3 Independent Directors, namely:

Yee Kit Hong (Chairman)

M. Rajaram

Guok Chin Huat Samuel

In accordance with the requirement of the Code, all members of the AC are Non-Executive Directors. The members of the AC are appropriately qualified, having the necessary experience in business management, finance, audit and law to discharge their responsibilities. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC is governed by its terms of reference. The terms of reference of the AC, where appropriate, adopts relevant best practices set out in the Guidebook, which will be used as a reference to assist the AC in discharging its responsibilities and duties.

The AC performs the functions set out in the Code and, amongst other things, assists the Board in discharging its responsibility to safeguard the Group's assets, maintains adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises.

The AC will meet at least 3 times a year and its principal duties include:

- (a) review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal accounting controls;
- (b) review the annual consolidated financial statements and the external auditors' report on such financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

CORPORATE GOVERNANCE REPORT

- (c) review the scope and results of the internal audit procedures;
- (d) consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation or dismissal of the auditors;
- (e) review the cooperation given by the officers to external and internal auditors;
- (f) review and approve any Interested Person Transactions, Related Person Transactions and/or potential conflicts of interest;
- (g) monitor the undertakings described in the section entitled "Interested Person Transactions and Conflicts of Interest", if any;
- (h) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (i) generally undertake such other functions and duties as may be required by law or the Listing Manual, or by such amendments as may be made thereto from time to time.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority had launched the Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors ("Guidance") which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC has evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance.

The AC has undertaken a review of the independence and objectivity of the external auditors. The AC has also undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the AC's opinion, affect their independence. The Company has paid the following aggregate amount of fees to Messrs BDO LLP, the external auditors, for the financial year ended 31 December 2020:-

Services	Rp'000
Audit Fees	1,036,770
Non-audit Fees	7,952
Total	1,044,722

Save for the professional fees and miscellaneous expenses incurred for audit services, the Company has paid Rp7,952,000 non-audit fees to Messrs BDO LLP in the financial year ended 31 December 2020 for professional services rendered in connection with the acquisition of PT Cemar Lestari.

The AC is satisfied that the external auditors are independent and the external auditors had also provided a confirmation of their independence to the AC. Having assessed the external auditors based on factors such as performance and quality of their audit and their independence, the AC has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM. The Group has complied with Rule 712 and Rule 715 of the Listing Manual issued by the SGX-ST.

The AC has direct access to the internal and external auditors and met with them without the presence of Management for the financial year ended 31 December 2020.

CORPORATE GOVERNANCE REPORT

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

To-date, no report has been received through the whistle-blowing mechanism.

The AC has reviewed all Interested Person Transactions during the financial year ended 31 December 2020 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with.

In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from participating in the proceedings in relation to that particular transaction and voting on that particular resolution.

Significant matters that were discussed with Management and the external auditors have been included as key audit matters ("KAMs") in the independent auditors' report for the financial year ended 31 December 2020, as set out on pages 65 to 67 of this Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied by Management in the fair valuation of biological assets and classification and impairment of plasma plantation receivable as well as the reasonableness of the key assumptions and inputs used and the valuation outcomes. Views of subject matter experts such as independent valuers were consulted where necessary. The AC also considered the report from the external auditors, including their findings and views on the key areas of audit focus. The AC concluded that the Group's accounting treatment and estimates in each of the KAMs were appropriate.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. For the financial year ended 31 December 2020, the Company has outsourced the internal audit functions of the Group to Johan Malonda Mustika & Rekan, a network member of Baker Tilly International. The internal auditors report directly to the AC. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. To ensure the adequacy and effectiveness of the internal audit function, the AC will review and approve the internal audit plan and assess the effectiveness of the internal audit by examining the scope of the internal auditor's work and its independence, the internal auditor's reports and its relationship with the external auditors on an annual basis. The AC will ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors provide adequate staffing with relevant qualifications and experience to conduct the internal audits.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders are informed of shareholders' meetings through notices or circulars sent to all shareholders. These notices are also published in the Business Times and uploaded onto the SGXNet. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. The Company conducts electronic poll voting for all resolutions tabled at the general meetings. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced via SGXNet after the AGM.

AGM – April 2021

In view of the current COVID-19 situation in Singapore, the forthcoming AGM to be held in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the forthcoming AGM of the Company.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner. Results and annual reports are announced or issued within the mandatory period. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments.

On 7 February 2020, the SGX's rule on risk-based quarterly reporting came into effect, whereby listed companies may, unless otherwise required by the SGX, report their results semi-annually. Accordingly, the Company has moved to semi-annual reporting of its financial performance with effect from FY2020. The half-year and full-year financial statements were released to shareholders within 45 days and 60 days from the end of the respective reporting periods. All SGXNet financial statements announcements were accompanied by a press release.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material Stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of SGX-ST, the Company is committed to ensure that all shareholders should be equally informed of all major developments of the Company which would be likely to materially affect the price or value of the Company's shares.

The Board of Directors of the Company, including the Chairpersons of the AC, RC and NC will be present at the general meetings to address any questions or concerns that the shareholders may have. The external auditors are usually present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

CORPORATE GOVERNANCE REPORT

The Company does not practice selective disclosure and strives to engage in regular and effective communication with shareholders. It is the Board's policy that shareholders be informed of all major developments that may have an impact on the Group. Information is communicated to shareholders on a timely basis and is made through:

- (i) annual reports that are prepared and issued to all shareholders;
- (ii) half-yearly results announcements;
- (iii) media meetings;
- (iv) press releases;
- (v) corporate website at <http://www.gprholdings.com/>; and
- (vi) disclosures via SGXNet.

The Group understands the increasing global attention towards issues of environmental protection and social responsibility. In this respect, the Group continues its commitment towards sustainable development of palm oil as part of the Group's corporate social responsibility. The Group is also an ordinary member of the Roundtable of Sustainable Palm Oil ("RSPO"), a not-for-profit association which main purpose is to promote the production and use of palm oil in a sustainable manner. The Company practices sustainability reporting on an annual basis as contained in its Annual Report so as to provide stakeholders with an additional dimension beyond financial performance of the Group.

The Company does not have a policy on payment of dividends. The issue of payment of dividend is deliberated by the Board annually having regards to various factors.

The shareholders are encouraged to attend the general meetings of the Company to ensure a high level of accountability by the Board and Management and to stay informed of the Group's strategies and growth plans. All shareholders are given the opportunity to participate, voice their views or opinions and to raise questions regarding the Company. The chairpersons and/or members of the Board, AC, NC and RC will be available at the AGM to address any relevant queries from the shareholders. The external auditors will also be present at the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Separate resolutions are proposed for substantially separate issues at general meetings. In addition, each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. The Company's Constitution allow each shareholder to appoint up to 2 proxies to vote on his/her behalf at the general meeting.

Stakeholders can reach out to the Company through telephone or email found on our corporate website http://www.gprholdings.com/contact_us.html.

DEALING IN SECURITIES

The Company is guided by Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the dealings in the securities of the Company. The Company and its officers are not allowed to deal in the Company's shares (i) during the period commencing 1 month before the announcements of the Company's half-year and full-year financial results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

MATERIAL CONTRACTS

Save as disclosed in the section entitled "Interested Person Transactions", there were no material contract(s) entered into by the Company or any of its subsidiaries involving the interest of any Director or controlling shareholder during the year under review.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (“IPTS”)

The Company has, in its Prospectus dated 21 April 2010, set out procedures for review and approval of the Group’s IPTs. To ensure compliance with the relevant rules under Chapter 9 of the Listing Manual, the Board and AC regularly reviews if the Group will be entering into any IPT and if it does, to ensure that the Group complies with the requisite rules under Chapter 9 in that all the IPTs are conducted at arm’s length and on normal commercial terms and ensuring that it will not be prejudicial to the interest of the Company and its minority shareholders.

The aggregate values of IPTs for the financial year ended 31 December 2020 is:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (Rp’ million)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (Rp’ million)
PT Bumiraya Utama Lines	Associate ⁽¹⁾	NIL	NIL
Explorer Investments Inc.	Associate ⁽¹⁾	32	NIL
PT Ketapang Indah Plywood Industries	Associate ⁽¹⁾	171	NIL

Note:-

- (1) Associates of the Executive Chairman and Chief Executive Officer of the Company, Dr Suparno Adijanto and is controlled by the Adijanto Siblings (whether directly or indirectly).

UPDATE OF THE UTILISATION OF THE INITIAL PUBLIC OFFERING (“IPO”) PROCEEDS OF S\$50.6 MILLION

As at 31 December 2020, the use of net proceeds from the IPO are as follows:

Use of net proceeds	Amount allocated (S\$’ million)	Amount Utilised (S\$’ million)	Balance (S\$’ million)
Development of existing uncultivated land banks into oil palm plantations	15.61	13.34 ⁽¹⁾	2.27
Acquisition of other oil palm plantations and land banks	15.00	10.88 ⁽²⁾	4.12
Repayment of the loans to PT Bank CIMB Niaga Tbk (“Bank Niaga”)	5.00	5.00	–
Construction of the co-composting plant	2.00	1.49	0.51
Working capital	9.50	9.50	–
Invitation expenses	3.49	3.49	–
Total	50.60	43.70	6.90

CORPORATE GOVERNANCE REPORT

Notes:-

- (1) Out of the S\$13.34 million utilised for the development of existing uncultivated land banks into oil palm plantations, approximately S\$11.12 million were used for land clearing and new planting purposes.
- (2) The S\$10.88 million utilised for the acquisition of other oil palm plantations and land banks includes acquisition of PT Bumi Raya Agro of S\$2.2 million, expenses of S\$0.46 million incurred for the land location permit in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan, expenses of S\$0.66 million incurred for the land location permit in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan and acquisition of PT Cemar Lestari of S\$7.5 million.

As at 31 December 2020, the use of net proceeds from the IPO working capital are as follows:-

	Indonesia Office (S\$' million)	Singapore Office (S\$' million)	Amount utilised (S\$' million)
Plantation & Mill Expenses	1.26	-	1.26
Purchase of FFB	1.76	-	1.76
Transport & Freight	0.36	-	0.36
Fertilisers	1.57	-	1.57
Purchase of Fuel	0.35	-	0.35
Suppliers	0.65	-	0.65
Administration Expenses	0.49	1.00	1.49
Bank Interest	0.11	-	0.11
Leasing	0.09	-	0.09
Tax Payment	1.86	-	1.86
Total	8.50	1.00	9.50

The Board is of the view that the above utilisation is in accordance with the disclosure in page 35 of the Prospectus dated 21 April 2010.

The Company will make further announcements via SGXNet as and when the balance of the IPO proceeds are materially disbursed in accordance with Rule 704(30) of the Listing Manual of the SGX-ST.

DIRECTORS' STATEMENT

The Directors of Global Palm Resources Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") and the statement of changes in equity of the Company for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Tan Hong Kiat @ Suparno Adijanto
Ivan Swandono
Yee Kit Hong
M. Rajaram
Guok Chin Huat Samuel

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Shareholdings registered in name of Director	
	Balance as at 1.1.2020	Balance as at 31.12.2020
Ultimate holding company	Number of ordinary shares of US\$1 each	
<i>GPR Investment Holdings Limited</i>		
Tan Hong Kiat @ Suparno Adijanto	2,856	2,856

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 January 2021 in the shares of the Company have not changed from those disclosed as at 31 December 2020.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. Audit committee

The audit committee ("AC") of the Company is chaired by Yee Kit Hong, a Lead Independent Director, and includes M. Rajaram and Guok Chin Huat Samuel, who are both Independent Directors. The audit committee has met four times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with Section 201B(5), including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

- (a) the external auditor's proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope;
- (b) the independence of the external auditor, including reviewing the range of services provided in the context of all non-audit services provided to the Company, seeking to balance maintenance of objectivity and value for money;
- (c) the audit plans and results of the internal auditors examination and evaluation of the Group's systems of internal controls;
- (d) the Group's financial and operating results and accounting policies;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

- (e) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (f) the half yearly and full year financial announcements, as well as the related press releases of the Company and the Group;
- (g) the co-operation and assistance given by the management to the Company's external and internal auditors; and
- (h) the re-appointment of the external and internal auditors of the Company.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Hong Kiat @ Suparno Adijanto
Director

Ivan Swandono
Director

5 April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Palm Resources Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 71 to 139, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

AUDIT RESPONSE

1 Classification and impairment of Plasma plantation receivables

Plasma plantation receivables comprise amounts due from cooperatives representing Plasma farmers for the Group's hand-over of Plasma plantations in accordance to the Plasma programme. The amounts will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of fresh fruit bunches ("FFB") from the Plasma farmers.

As at 31 December 2020, the carrying amount of the Plasma plantation receivables amounted to approximately Rp55.3 billion and accounted for 6.8% of the Group's total assets.

The Group applied the general approach under SFRS(I) 9 *Financial Instruments* to measure the loss allowance for expected credit losses on Plasma plantation receivables.

As at 31 December 2020, management measured the lifetime ECL by determining the present value of estimated future cash flows based on evaluation of expected credit loss scenarios. An additional loss allowance on Plasma plantation receivables of approximately Rp1.0 billion was recognised in profit or loss during the financial year ended 31 December 2020.

Management also determined that Plasma plantation receivables of Rp6.3 billion is expected to be recovered within the next financial year and classified as current receivables. The remaining balance of Rp49 billion was estimated to be recovered by 2039.

The classification and impairment assessment of Plasma plantation receivables were of most significance in our audit due to the significant judgement and estimates involved in evaluating the expected credit loss scenarios and the key assumptions made in deriving the expected future cash flows. These key assumptions include the FFB production yield of the Plasma plantations handed-over to the Plasma farmers, FFB selling price growth rate and discount rate.

Refer to Notes 2.11, 3.2(i) and 16 of the accompanying financial statements.

We performed the following audit procedures, amongst others:

We evaluated management's assessment on whether there is a significant increase in credit risk of the Plasma plantation receivables.

We held discussions with management to understand the basis of the expected credit loss scenarios and estimation of related future purchases of FFB from the Plasma farmers and other key assumptions made.

We assessed the reasonableness of the expected credit loss scenarios determined by management and evaluated the appropriateness of the inputs used in estimating the expected estimated future cash flows to be derived from those expected credit loss scenarios.

We performed retrospective assessment of management's estimation of the related purchases of FFB from the Plasma farmers determined in the previous financial year against the actual related purchases of FFB during the current financial year.

We evaluated the reasonableness of the other key assumptions made in deriving the expected future cash flows such as the FFB production yield of the handed-over Plasma plantations, amount of FFB expected to be sold back to the Group by Plasma farmers, FFB selling price growth rate and discount rate, including performing retrospective assessment and sensitivity analysis.

We reviewed the reasonableness on classification of Plasma plantation receivables by evaluating the estimated future cash flows derived from those expected credit loss scenarios.

We assessed the adequacy of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

KEY AUDIT MATTER	AUDIT RESPONSE
<p>2 Valuation of biological assets (FFB)</p> <p>Biological assets, which represent FFB growing on mature oil palm trees, are stated at fair value less estimated point-of-sale costs. Gains or losses from changes in fair value less estimated point-of-sale costs of biological assets are included in profit or loss in the financial year in which they arise.</p> <p>During the current financial year, the Group recognised gain from changes in fair value less estimated point-of-sale costs of biological assets of Rp3.9 billion in profit or loss. The Group's biological assets amounted to approximately Rp16.8 billion as at 31 December 2020.</p> <p>The fair value of biological assets is determined by an independent valuer, with certain input data provided by management, using the income approach method.</p> <p>The valuation of biological assets was of most significance in our audit due to the significant judgement involved in determining the underlying significant assumptions made in the calculation of the fair value of the biological assets. These assumptions include the FFB production yield, market selling price of FFB, discount rate and transportation, maintenance and harvesting costs.</p> <hr/> <p>Refer to Notes 2.15, 3.2(ii), 19 and 37 of the accompanying financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <p>We assessed the professional competency, capabilities and the objectivity of the independent valuer.</p> <p>We read the valuation report and discussed with the independent valuer and the management on the significant assumptions made.</p> <p>With the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation approach used and reasonableness of the significant assumptions made by the independent valuer by:</p> <ul style="list-style-type: none"> • checking the input data provided by management to the independent valuer to estimate the FFB production yield and comparing these data to the relevant supporting documents such as daily harvesting/production records; • tracing the market selling price of FFB used in the valuation to the price published by the plantation authority of West Kalimantan Province; • evaluating the reasonableness and performing sensitivity analysis on the discount rate used; and • performing reasonableness tests, including checking the relevant supporting documents, on the transportation, maintenance and harvesting costs. <p>We also assessed the adequacy of the disclosures in the financial statements relating to fair value measurement of biological assets.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

KEY AUDIT MATTER

AUDIT RESPONSE

3 Purchase Price Allocation for the acquisition of PT Cemarum Lestari

On 30 November 2020, the Group acquired 95% equity interest in PT Cemarum Lestari ("Cemarum") for a consideration of Rp69 billion, and obtained control of the entity on the same date.

The acquisition was accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations*. The Group performed a Purchase Price Allocation ("PPA"), assisted by an independent valuer, to determine the fair values of identifiable assets acquired and liabilities assumed of Cemarum as at the date of acquisition. The significant judgement and estimates are involved in determining the valuation of the bearer plants, property, plant and equipment and operating use rights.

Based on the PPA, a capital reserve of approximately Rp71 billion were recognised as the transaction is a business combination under common control.

PPA on the acquisition of Cemarum was of most significance in our audit due to the significant management judgements and estimates involved in the valuation.

We performed the following audit procedures, amongst others:

Perused the Call Option agreements for the acquisition to verify the terms and conditions and determine if the accounting for the acquisitions are in accordance with SFRS(I) 3 *Business Combinations* and SFRS(I) 10 *Consolidated Financial Statements*.

We assessed the professional competency, capabilities and the objectivity of the independent valuer.

We discussed with the independent valuer on the valuation methodologies used and the results of their work.

With the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation methodologies used and the reasonableness of the significant assumptions made by the independent valuer by:

- comparing the key assumptions used by the independent valuer in their valuations of identifiable assets and liabilities to externally published benchmarks where available;
- evaluating the reasonableness and performing sensitivity analysis on the discount rate used; and
- evaluating the key business performance assumptions made by management, including the revenue growth rates against historical performance and terminal growth rates against market data.

We also assessed the adequacy of the related disclosures made in the financial statements.

Refer to Notes 2.3, 3.2(viii), and 15 of the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The Directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is William Ng Wee Liang.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
5 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020 Rp'000	2019 Rp'000
Revenue	4	279,903,228	262,153,340
Cost of sales	5	(233,245,836)	(261,095,856)
Gross profit		46,657,392	1,057,484
<i>Other items of income/(expense)</i>			
Interest income	6	6,657,108	7,243,192
Changes in fair value less estimated point-of-sale costs of biological assets	19	3,904,400	1,392,700
Other income	7	4,525,224	7,734,830
Distribution expenses		(3,942,795)	(1,855,991)
Administrative expenses		(54,827,621)	(50,096,841)
Loss allowance on Plasma plantation receivables		(950,611)	(409,271)
Finance costs	8	(197,924)	(270,457)
Other expenses		(10,512,234)	(3,856,499)
Loss before income tax	9	(8,687,061)	(39,060,853)
Income tax credit/(expense)	10	1,272,818	(1,604,924)
Loss for the financial year		(7,414,243)	(40,665,777)
Other comprehensive income/(loss):			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Remeasurement of post-employment benefits	27	(2,437,926)	(1,829,881)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	10	487,585	457,470
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences		7,097,576	(8,239,803)
Other comprehensive income/(loss) for the financial year, net of tax		5,147,235	(9,612,214)
Total comprehensive loss for the financial year		(2,267,008)	(50,277,991)
Loss attributable to:			
Owners of the parent		(7,222,962)	(38,512,724)
Non-controlling interest		(191,281)	(2,153,053)
		(7,414,243)	(40,665,777)
Total comprehensive loss attributable to:			
Owners of the parent		(1,978,210)	(48,056,318)
Non-controlling interest		(288,798)	(2,221,673)
		(2,267,008)	(50,277,991)
		Rp	Rp
Loss per share			
– Basic and diluted	11	(36)	(196)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Non-current assets					
Bearer plants	12	293,552,553	124,646,802	–	–
Property, plant and equipment	13	177,642,940	148,003,156	9,315	50,503
Right-of-use assets	14	2,898,750	3,701,059	2,566,147	3,392,990
Investments in subsidiaries	15	–	–	771,419,617	747,985,168
Plasma plantation receivables	16	49,049,898	49,286,126	–	–
Operating use rights	17	57,673,086	460,601	–	–
Deferred charges	18	37,640,039	37,137,953	–	–
		618,457,266	363,235,697	773,995,079	751,428,661
Current assets					
Biological assets	19	16,812,900	9,387,800	–	–
Inventories	20	41,035,319	27,757,695	–	–
Trade and other receivables	21	16,745,782	17,725,520	351,125,501	260,710,126
Dividend receivable		–	–	18,197,275	29,100,493
Current income tax recoverable		4,882,869	19,583,678	–	–
Prepayments		565,900	1,239,396	281,427	250,294
Financial assets at fair value through profit or loss	22	7,463,370	148,680	–	–
Cash and cash equivalents	23	173,853,172	263,121,242	11,989,853	14,294,951
		261,359,312	338,964,011	381,594,056	304,355,864
Less:					
Current liabilities					
Trade and other payables	24	49,999,766	50,571,941	1,906,505	1,312,785
Bank borrowing	25	72,004	410,907	–	–
Lease liabilities	26	1,117,310	1,053,898	914,699	844,943
Current income tax payable		450,357	82,566	447,052	82,566
		51,639,437	52,119,312	3,268,256	2,240,294
Net current assets		209,719,875	286,844,699	378,325,800	302,115,570
Less:					
Non-current liabilities					
Bank borrowing	25	–	72,004	–	–
Lease liabilities	26	1,795,931	2,660,219	1,711,401	2,546,324
Provision for post-employment benefits	27	43,371,642	34,375,053	–	–
Provision for restoration	28	167,006	161,932	167,006	161,932
Deferred tax liabilities	29	37,568,657	13,385,715	180,950	371,546
		82,903,236	50,654,923	2,059,357	3,079,802
Net assets		745,273,905	599,425,473	1,150,261,522	1,050,464,429
Capital and reserves					
Share capital	30	716,385,272	647,041,445	716,385,272	647,041,445
Capital reserve	31	67,962,611	(3,403,230)	–	–
Foreign currency translation reserve	32	127,458,964	120,361,388	416,348,079	382,929,220
Accumulated (losses)/profits		(189,892,140)	(180,816,354)	17,528,171	20,493,764
Equity attributable to owners of the parent		721,914,707	583,183,249	1,150,261,522	1,050,464,429
Non-controlling interest		23,359,198	16,242,224	–	–
Total equity		745,273,905	599,425,473	1,150,261,522	1,050,464,429

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital Rp'000	Capital reserve Rp'000	Foreign currency translation reserve Rp'000	Accumulated losses Rp'000	Equity attributable to owners of the parent Rp'000	Non-controlling interest Rp'000	Total equity Rp'000
Group								
Balance as at 1.1.2020		647,041,445	(3,403,230)	120,361,388	(180,816,354)	583,183,249	16,242,224	599,425,473
Loss for the financial year		-	-	-	(7,222,962)	(7,222,962)	(191,281)	(7,414,243)
Other comprehensive loss for the financial year:								
Remeasurement of post-employment benefits		-	-	-	(2,316,030)	(2,316,030)	(121,896)	(2,437,926)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		-	-	-	463,206	463,206	24,379	487,585
Currency translation differences		-	-	7,097,576	-	7,097,576	-	7,097,576
Total comprehensive loss for the financial year		-	-	7,097,576	(9,075,786)	(1,978,210)	(288,798)	(2,267,008)
Acquisition of a subsidiary under common control, representing total transactions with owners of the parent, recognised directly in equity	15	69,343,827	71,365,841	-	-	140,709,668	7,405,772	148,115,440
Balance as at 31.12.2020		716,385,272	67,962,611	127,458,964	(189,892,140)	721,914,707	23,359,198	745,273,905

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Share capital	Capital reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	Note	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Group								
Balance as at 1.1.2019		647,867,864	-	128,601,191	(140,999,839)	635,469,216	17,399,940	652,869,156
Loss for the financial year		-	-	-	(38,512,724)	(38,512,724)	(2,153,053)	(40,665,777)
Other comprehensive loss for the financial year:								
Remeasurement of post-employment benefits		-	-	-	(1,738,387)	(1,738,387)	(91,494)	(1,829,881)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		-	-	-	434,596	434,596	22,874	457,470
Currency translation differences		-	-	(8,239,803)	-	(8,239,803)	-	(8,239,803)
Total comprehensive loss for the financial year		-	-	(8,239,803)	(39,816,515)	(48,056,318)	(2,221,673)	(50,277,991)
Total transactions with owners of the parent, recognised directly in equity								
Shares buy back held in treasury	30	(826,419)	-	-	-	(826,419)	-	(826,419)
Acquisition of a subsidiary under common control	15	-	(3,403,230)	-	-	(3,403,230)	1,063,957	(2,339,273)
		(826,419)	(3,403,230)	-	-	(4,229,649)	1,063,957	(3,165,692)
Balance as at 31.12.2019		647,041,445	(3,403,230)	120,361,388	(180,816,354)	583,183,249	16,242,224	599,425,473

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits Rp'000	Total equity Rp'000
Company					
Balance as at 1.1.2020		647,041,445	382,929,220	20,493,764	1,050,464,429
Profit for the financial year		–	–	(2,965,593)	(2,965,593)
Other comprehensive loss for the financial year:					
Currency translation differences		–	33,418,859	–	33,418,859
Total comprehensive loss for the financial year		–	33,418,859	(2,965,593)	30,453,266
Total transactions with owners of the parent, recognised directly in equity					
Issuance of share capital	30	69,343,827	–	–	69,343,827
Balance as at 31.12.2020		716,385,272	416,348,079	17,528,171	1,150,261,522
Company					
Balance as at 1.1.2019		647,867,864	411,623,356	18,524,992	1,078,016,212
Profit for the financial year		–	–	1,968,772	1,968,772
Other comprehensive loss for the financial year:					
Currency translation differences		–	(28,694,136)	–	(28,694,136)
Total comprehensive loss for the financial year		–	(28,694,136)	1,968,772	(26,725,364)
Total transactions with owners of the parent, recognised directly in equity					
Shares buy back held in treasury	30	(826,419)	–	–	(826,419)
Balance as at 31.12.2019		647,041,445	382,929,220	20,493,764	1,050,464,429

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group	
	2020 Rp'000	2019 Rp'000
Cash flows from operating activities		
Loss before income tax	(8,687,061)	(39,060,853)
Adjustments for:		
Amortisation of operating use rights	133,104	43,311
Amortisation of right-of-use assets	1,145,907	1,125,207
Bearer plants written off	1,106,835	2,757,299
Changes in fair value less estimated point-of-sale costs of biological assets	(3,904,400)	(1,392,700)
Changes in fair value of financial assets at fair value through profit or loss	(1,998,929)	(222,011)
Deferred charges written off	3,318,716	-
Depreciation of bearer plants	5,907,960	6,427,706
Depreciation of property, plant and equipment	12,911,385	12,485,734
Gain on disposal of bearer plants	-	(2,145,025)
Gain on disposal of club memberships	-	(78,226)
Gain on disposal of property, plant and equipment	(77,289)	(101,042)
Interest expense	197,925	270,457
Interest income	(5,236,963)	(7,243,192)
Inventories written off	675,165	-
Loss allowance on Plasma plantation receivables	950,611	409,271
Operating use rights written off	47,075	-
Property, plant and equipment written off	2,955,388	161,479
Provision for post-employment benefits	8,061,075	5,851,445
Unrealised foreign exchange loss/(gain)	1,898,590	(1,918,621)
Operating cash flows before working capital changes	19,405,094	(22,629,761)
Working capital changes:		
Inventories	(12,890,338)	27,333,544
Trade and other receivables	9,726,526	14,627,212
Prepayments	673,496	1,609,652
Trade and other payables	(3,138,341)	14,865,671
Provision for post-employment benefits	(6,321,755)	(2,963,432)
Cash generated from operations	7,454,682	32,842,886
Interest received	1,475,270	2,982,536
Income tax refunded/(paid), net	14,814,392	(5,025,055)
Net cash from operating activities	23,744,344	30,800,367

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group	
	2020	2019
	Rp'000	Rp'000
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(66,675,319)	(352,552)
Capital expenditure on bearer plants	(16,441,557)	(21,158,455)
Proceeds from disposal of bearer plants	175,200	-
(Addition)/Disposal of financial assets at fair value through profit or loss	(5,315,761)	1,811,353
Purchases of property, plant and equipment	24,069,926	(25,445,824)
Proceeds from disposal of property, plant and equipment	385,903	514,525
Proceeds from disposal of club membership	-	78,226
Payments for deferred charges arising from acquisition of land location permit	(3,820,802)	(2,634,814)
Net cash used in investing activities	115,762,262	(47,187,541)
Cash flows from financing activities		
Dividend paid to non-controlling interest	-	(147,500)
Shares buy back held in treasury	-	(826,419)
Repayments of obligations under leases (Note A)	(1,123,103)	(942,001)
Repayments of bank borrowing (Note A)	(410,907)	(347,182)
Interest paid (Note A)	(197,925)	(270,457)
Net cash used in financing activities	(1,731,935)	(2,533,559)
Net change in cash and cash equivalents	(93,749,853)	(18,920,733)
Cash and cash equivalents at the beginning of the financial year	263,121,242	289,091,103
Effects of currency translation on cash and cash equivalents	4,481,783	(7,049,128)
Cash and cash equivalents at the end of the financial year (Note 23)	173,853,172	263,121,242

Note A: Reconciliation of liabilities arising from financing activities

	Non-cash changes						31 December 2020
	1 January 2020	Cash flow	Acquisition of a subsidiary	Lease modification	Interest expense	Foreign exchange differences	
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Bank borrowing	482,911	(436,714)	-	-	25,807	-	72,004
Lease liabilities	3,714,117	(1,295,221)	12,290	203,689	172,118	106,248	2,913,241
	4,197,028	(1,731,935)	12,290	203,689	197,925	106,248	2,985,245

	Non-cash changes						31 December 2019
	1 January 2019	Cash flow	Addition during the year	Interest expense	Foreign exchange differences		
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	
Bank borrowing	25,093	(389,508)	805,000	42,326	-	482,911	
Lease liabilities	4,764,291	(1,170,132)	-	228,131	(108,173)	3,714,117	
	4,789,384	(1,559,640)	805,000	270,457	(108,173)	4,197,028	

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

These notes form an integral part and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

Global Palm Resources Holdings Limited (the “Company”) is a public company limited by shares, incorporated and domiciled in the Republic of Singapore. The Company’s registered office and principal place of business is at 105 Cecil Street, #24-01 The Octagon, Singapore 069534. The Company’s registration number is 200921345M. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company is a subsidiary of GPR Investment Holdings Limited, a Seychelles-domiciled company, which is also its ultimate holding company. GPR Investment Holdings Limited is wholly-owned by the Adijanto Family.

The principal activity of the Company is that of an investment holding company and provision of management services. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

The consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a Directors’ resolution dated 5 April 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements of the Company are measured in Singapore dollar, the functional currency of the Company. The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are presented in Indonesian rupiah as the Group mainly operates in Indonesia. All values presented are rounded to the nearest thousand (“Rp’000”), unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2020

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies, except as detailed below.

Amendments to SFRS(I) 3 Business Combinations: Definition of a Business

These amendments make changes to Appendix A Defined terms, the application guidance, and the illustrative examples of SFRS(I) 3 Business Combinations only. It clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The definitions of a business and of outputs focus on goods and services provided to customers and the reference to an ability to reduce costs has been removed. The amendments add guidance and illustrative examples to help entities assess whether a substantive process has been acquired. The assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs has been removed. An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business has been added.

The Group applied these amendments to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. The Group does not expect any significant impact arising from applying these amendments.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability 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.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition under common control

In certain circumstances where the Group determine that the acquisition under common control has substance for the combining parties, the Group would apply acquisition method by analogy to the requirements as set out in SFRS(I) 3. To evaluate whether the transaction has substance, the Group take into consideration of multiple factors, including (but not necessary limited to):

- the purpose of transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value; and
- the existing activities of the entities involved in the transactions.

Under acquisition method, the consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date. Any difference between the consideration transferred for the acquisition and net acquisition-date fair value amounts of identifiable assets and liabilities acquired is recognised directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition

Sale of goods

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. The Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Revenue from sale of crude palm oil and palm kernels is recognised when the controls of products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 days.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.6 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised in profit or loss in the same financial year as the employment that gives rise to such contributions.

Defined benefit plans

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003 (the "Labour Law"). The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are charged or credited to equity in other comprehensive income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Employee benefits (Continued)

Defined benefit plans (Continued)

All past service costs, including unvested past service costs previously recognised over the average vesting period, are recognised immediately in profit or loss when incurred.

Current service costs and interest costs are recognised immediately in profit or loss when incurred.

The related estimated liability for employee benefit represents the aggregate of the present value of the defined benefit obligation less the fair value of plan assets at the end of the financial year.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.7 Taxes

Income tax expense comprise current tax expense and deferred tax expense.

Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Taxes (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.8 Bearer plants

Bearer plants comprise land preparation cost, nurseries, immature and mature oil palm plantations. Land preparation cost represents the cost incurred to clear the land and to ensure that the plantations are in a state for ready planting of seedlings (which are grown in nurseries).

Land preparation cost, nurseries and immature oil palm plantations are stated at cost and are not depreciated. These consists mainly of the accumulated costs of planting (which include land preparation cost and costs incurred at the stage of nurseries), fertilising and maintaining the plantation. Immature oil palm plantations have a lifespan of 3 years.

Mature oil palm plantations are stated at cost at the time of reclassification from immature oil palm plantations and are depreciated using the straight-line method over 23 to 25 years of estimated productive years of oil palm plantations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Bearer plants (Continued)

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal of an item of bearer plant is determined as the difference between the sales consideration and the carrying amount of the asset and is recognised in profit or loss.

2.9 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that the future economic benefits will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Buildings and infrastructure	25
Machinery and equipment	10 to 25
Transportation equipment and motor vehicles	5 to 10
Office equipment	3 to 10

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Leases – as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for lease of low value assets.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the financial statements.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The estimated useful life of right-of-use assets are as follows:

	Years
Office premises	2 to 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Leases – as lessee (Continued)

Subsequent measurement (Continued)

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.14 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification: (Continued)

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Plasma plantation receivables

Plasma is a government of Indonesia's policy in connection with the development of plantations (the "Plasma" programme). The Group, being part of this Plasma programme, is required to train project personnel and control the Plasma programme, as well as purchase Plasma plantation crops. The Group has been developing Plasma plantations (included within bearer plants) under "Kredit Koperasi Primer untuk Anggotanya" ("KKPA") scheme.

In the KKPA scheme, the investment credit agreements are signed by the Plasma farmers through local cooperatives Koperasi Unit Desa ("KUD") as their representatives. When the Plasma plantations are mature and meet certain criteria required by the government, the Plasma plantations will be handed over to the Plasma farmers ("hand-over of Plasma plantations"). The hand-over value is generally determined at the inception of the cooperation agreement for a total amount of funding agreed by the government and the Plasma farmers.

Plasma plantation receivables, as presented on the statements of financial position, represent the hand-over value for the transfer of the Plasma plantations in accordance to the Plasma programme. The difference between the accumulated Plasma plantation development costs (costs incurred for Plasma plantation development which include costs for Plasma plantations funded by the Group) and their hand-over value is charged to profit or loss. The Plasma plantation receivables are assessed for impairment in accordance with Note 2.17.

After the hand-over of the Plasma plantations, the Plasma farmers are obliged to sell their crops (FFB) to the Group. The Plasma plantation receivables will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of FFB from the Plasma farmers.

2.12 Operating use rights

Operating use rights represent deferred expenses incurred related to the legal arrangement of land rights and are stated at cost less accumulated amortisation and accumulated impairment losses. The right is amortised on a straight-line basis over the estimated useful life, being the legal age of land rights, and amortisation method are reviewed at each financial year-end, with the effect of any changes in estimates being accounted for on a prospective basis.

2.13 Deferred charges

Deferred charges represent legal and professional fees and other incidental costs incurred in the process of completing the legal arrangement of obtaining land rights. Deferred charges are stated at cost and will be subsequently reclassified to operating use rights (Note 2.12) once the land rights are legally and successfully obtained.

Deferred charges relating to land location permit that has expired are written off and recognised in profit or loss in the period in which such land location permit has expired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Biological assets

Biological assets (bearer fruit) representing fresh fruit bunches ("FFB"), which is the agricultural produce growing on the bearer plants, are stated at fair value less estimated point-of-sale costs.

Gains or losses arising on initial recognition of biological assets (bearer fruit) at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of biological assets (bearer fruit) at the end of each financial year are included in profit or loss in the financial year in which they arise.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets as financial assets at fair value through profit or loss and amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

(i) *Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables (including Plasma plantation receivables) are recognised based on a forward looking expected credit loss ("ECL") model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise Plasma plantation receivables, trade and other receivables (excluding Value Added Taxes ("VAT") recoverable), dividend receivable and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

(ii) *Financial assets at fair value through profit or loss ("FVTPL")*

For equity instruments that are either held for trading or irrevocable election to measure the fair value changes through other comprehensive income has not been made. The fair value changes is recognised in profit or loss and presented in "other income".

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables (excluding VAT payable, other taxes payable and advances from customers) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Borrowings

Interest-bearing bank borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings. Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.18 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash and fixed deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subjected to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Indonesian rupiah using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's and the Company's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Classification and impairment of Plasma plantation receivables

Plasma plantation receivables will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of FFB from the Plasma farmers.

In determining the classification and assessing the ECL for Plasma plantation receivables, management assesses whether there is a significant increase in credit risk and considers the expected credit loss scenarios, estimation of the related future purchases of FFB from the Plasma farmers and prepares the expected future cash flows based on projections of the amounts withheld by the Group for such purchases. These determinations require significant judgement and estimates in evaluating the expected credit loss scenarios and estimating the key assumptions such as FFB production yield of the handed-over Plasma plantations, amount of FFB expected to be sold back to the Group by Plasma farmers, FFB selling price growth rate and discount rate.

While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and estimated related purchases of FFB from the Plasma farmers and significant changes in key assumptions used may materially affect the classification of and the estimated future cash flows from the Plasma plantation receivables. As at 31 December 2020, management determined there is a significant increase in credit risk and an additional loss allowance on Plasma plantation receivables of Rp950,611,000 (2019: Rp409,271,000) was recognised during the financial year ended 31 December 2020 using lifetime ECL.

The carrying amount of the Group's Plasma plantation receivables as at 31 December 2020 was Rp55,341,293,000 (2019: Rp60,163,593,000).

(ii) Biological assets

The Group's biological assets are stated at fair value less estimated point-of-sale costs. The fair value of the Group's biological assets are determined based on the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate. The key inputs to the income approach with the cash flow method discounted are derived based on certain significant assumptions made and such details are disclosed in Note 19 to the financial statements. While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and estimated volume of the fresh fruit bunches (the significant assumption used) and price may materially affect the fair value of its biological assets.

The carrying amount of the Group's biological assets as at 31 December 2020 was Rp16,812,900,000 (2019: Rp9,387,800,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

The Company's investments in subsidiaries comprised mainly investment in Global Palm Resources Private Limited, which in turn holds the investments in PT Prakarsa Tani Sejati, PT Bumi Raya Agro and PT Cemaru Lestari. The management views these subsidiaries as one cash-generating unit ("CGU").

During the financial year, there is indication that this CGU may be impaired as the CGU has suffered consecutive losses over the years due to unfavourable market condition and lower production with the implementation of replanting program.

The management follows the guidance of SFRS(I) 1-36 in determining when the CGU is impaired. This determination requires significant judgements and estimates involved in key assumptions used. Management estimates the value-in-use of the CGU by forecasting the expected future cash flows for a period up to 5 years including terminal value, where appropriate, using a suitable discount rate in order to calculate the present value of those cash flows. Other than terminal value and discount rate, the management also has considered other key assumptions such as future market conditions, revenue and cost growth rates and projected costs in forecasting the expected future cash flows. The recoverable amount determined exceeds the carrying amount of investments, hence no impairment allowance was recognised for the financial year.

The Company's carrying amount of investments in subsidiaries as at 31 December 2020 was Rp771,419,617,000 (2019: Rp747,985,168,000).

(iv) Loss allowance for trade and other receivables

Trade receivables

The management establishes provision for impairment of trade receivables using a forward-looking expected credit loss model. On initial recognition of the financial asset, management has determined the expected credit loss rates by considering the credit risk profile of the customers and considered if there will be default payment. The Group's credit risk exposure for trade receivables are disclosed in Note 36.2(a). There is no allowance required as at 31 December 2020.

The carrying amount of the Group's trade receivables as at 31 December 2020 was Rp4,052,814,000 (2019: Rp2,002,321,000).

Other receivables (excluding Plasma plantation receivables)

Management determines whether there is significant increase in credit risk of these counterparties since initial recognition. Management considers historical loss pattern, reasonable and supportable information that is relevant, various operating performance ratios as well as liquidity ratios of these counterparties. As at 31 December 2020, there is no significant increase in credit risk on these balances.

The carrying amounts of the Group's and the Company's other receivables (excluding Plasma plantation receivables) as at 31 December 2020 were Rp1,907,766,000 (2019: Rp2,360,262,000) and Rp347,154,063,000 (2019: Rp258,920,980,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(v) Useful life of bearer plants

The Group depreciates the bearer plants using the straight-line method, over their estimated useful lives. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's bearer plants. Changes in the soil, weather and climate conditions could affect the FFB production yield of the bearer plants which could then consequentially impact future depreciation charges.

The carrying amount of the Group's bearer plants as at 31 December 2020 was Rp293,552,553,000 (2019: Rp124,646,802,000).

(vi) Pension and employee benefits

The determination of the Group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, wages and salary increase, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognised immediately in profit or loss as and when they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

The carrying amount of the Group's estimated liabilities for post-employment benefits as at 31 December 2020 was Rp43,371,642,000 (2019: Rp34,375,053,000).

(vii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group and the Company have determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group and the Company obtain the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The incremental borrowing rate applied to lease liabilities as at 31 December 2020 ranged from 4.86% to 9.75% (2019: 4.86% to 9.75%). The carrying amounts of the Group's and the Company's lease liabilities as at 31 December 2020 were Rp2,913,241,000 (2019: Rp 3,714,117,000) and Rp2,626,100,000 (2019: Rp3,391,267,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(viii) Valuation of business combination

The Group has recognised a gain on bargain purchase as a result of the acquisition of PT Cemarum Lestari ("Cemarum"). Purchase price allocation ("PPA") exercise was carried out to determine the fair values of Cemarum identifiable assets acquired and liabilities assumed as at the date of acquisition. The significant judgement and estimates mainly relates to the valuation of the bearer plants, property, plant and equipment and operating use rights where key business performance assumptions made, including the revenue growth rates against historical performance and terminal growth rates were compared against market data, sensitivity analysis on the discount rate was also carried out to ensure reasonableness of assumptions. A capital reserve of Rp71,365,841,000 were recognised as the transaction is a business combination under common control. The fair values of the identifiable assets and liabilities of Cemarum as at the date of acquisition are disclosed in Note 15 to the financial statements.

4. REVENUE

	Group	
	2020 Rp'000	2019 Rp'000
<u>By geographical regions</u>		
Indonesia	279,903,228	262,153,340
<u>Type of good or service</u>		
Crude Palm Oil	253,936,104	235,630,307
Palm kernels	25,967,124	26,523,033
	279,903,228	262,153,340

5. COST OF SALES

	Group	
	2020 Rp'000	2019 Rp'000
Cost of inventories recognised as expense	233,245,836	261,095,856
The above comprised the following:		
Changes in inventories of finished goods and fresh fruit bunches	97,022,840	121,794,324
Employee benefits expense – Direct labour	43,925,779	42,800,461
Depreciation of property, plant and equipment	11,900,865	11,429,921
Depreciation of bearer plants	5,907,960	6,427,706
Amortisation of operating use rights	133,104	43,311
Direct overheads	74,355,288	78,600,133
	233,245,836	261,095,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6. INTEREST INCOME

	Group	
	2020	2019
	Rp'000	Rp'000
Interest income from:		
– bank balances and short-term deposits	1,453,841	2,999,064
– Plasma plantation receivables	5,203,267	4,244,128
	6,657,108	7,243,192

7. OTHER INCOME

	Group	
	2020	2019
	Rp'000	Rp'000
Changes in fair value of financial assets at FVTPL	1,998,929	222,011
Gain on disposal of bearer plants	–	2,145,025
Gain on disposal of club memberships	–	78,226
Gain on disposal of property, plant and equipment	77,289	101,042
Sundry income from sale of sludge and kernel shells	1,565,075	3,976,247
Government grant	546,937	–
Compensation from insurance claim	14,418	48,316
Foreign exchange gain, net	–	881,023
Sundry income	322,576	282,940
	4,525,224	7,734,830

8. FINANCE COSTS

	Group	
	2020	2019
	Rp'000	Rp'000
Interest expense on:		
– bank borrowing	25,806	42,326
– lease liabilities (Note 26)	172,118	228,131
	197,924	270,457

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. LOSS BEFORE INCOME TAX

The above is arrived at after charging/(crediting):

	Group	
	2020 Rp'000	2019 Rp'000
<u>Distribution expenses</u>		
Freight and stevedoring expenses	3,475,966	1,703,766
<u>Administrative expenses</u>		
Amortisation of right-of-use assets	1,145,907	1,125,207
Audit fees		
– Auditors of the Company	1,036,770	1,015,843
– Other auditors	301,000	295,000
Bank charges	33,086	39,937
Depreciation of property, plant and equipment	1,010,520	1,055,813
Entertainment expenses	406,585	1,363,689
Employee benefits expense ⁽¹⁾		
– Salaries, wages and bonuses	29,597,419	27,743,256
– Employer's contributions to defined contribution plans	328,837	322,151
– Post-employment benefits	8,106,076	5,851,445
Lease expenses on low value asset	22,265	21,813
Professional fees	5,559,497	4,594,192
Transportation, travelling and accommodation expenses	797,239	1,228,827
<u>Other expenses</u>		
Area survey expenses	309,953	339,243
Bearer plants written off	1,106,835	2,757,299
Deferred charges written off	3,318,716	–
Foreign exchange loss, net	1,744,928	–
Operating use rights written off	47,075	–
Property, plant and equipment written off	2,955,388	161,479
Inventories written off	675,165	–
Renewal of land permit expenses	15,000	141,033

(1) Employee benefits expense includes key management personnel remuneration as disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. INCOME TAX (CREDIT)/EXPENSE

	Group	
	2020 Rp'000	2019 Rp'000
Current income tax		
– current financial year	445,305	83,096
– overprovision in prior financial years	(84,820)	–
– withholding tax on interest income	694,002	827,856
	1,054,487	910,952
Deferred income tax		
– current financial year	(2,327,305)	(467,033)
– underprovision in prior financial years	–	1,161,005
	(2,327,305)	693,972
Total income tax (credit)/expense recognised in profit or loss	(1,272,818)	1,604,924

Reconciliation of effective tax rate

Income tax is calculated at the Indonesian income tax rate of 22% (2019: 25%) as the Group's operations are mainly in Indonesia. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the income tax rate of 22% (2019: 25%) to loss before income tax as a result of the following differences:

	Group	
	2020 Rp'000	2019 Rp'000
Loss before income tax	(8,687,061)	(39,060,853)
Income tax calculated at 22% (2019: 25%)	(1,911,153)	(9,765,213)
Tax effect of income not subject to tax	(2,826,041)	(2,677,794)
Tax effect of expenses not deductible	9,404,921	3,084,641
(Over)/Underprovision in prior financial years	(84,820)	1,161,005
Withholding tax on interest income	694,002	827,856
Effect of different income tax rate of entities operating in other jurisdiction	159,715	(280,347)
(Utilisation of deferred tax assets)/Deferred tax assets not recognised in profit or loss	(3,963,121)	10,666,012
Effect of change in tax rate	(1,606,287)	–
	(1,612,879)	(1,034,517)
Others	472,845	(376,719)
	(1,272,818)	1,604,924

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. INCOME TAX EXPENSE (CONTINUED)

Income tax recognised in other comprehensive income

	Group					
	2020			2019		
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Remeasurement of post-employment benefits	(2,437,926)	487,585	(1,950,341)	(1,829,881)	457,470	(1,372,411)

11. LOSS PER SHARE

The calculation for basic loss per share is based on the loss attributable to owners of the parent for the financial year by the weighted average number of ordinary shares in issue after share consolidation during the financial year. As the Group has no dilutive potential ordinary shares, the diluted loss per share are equivalent to basic loss per share.

	Group	
	2020	2019
The calculation of basic and diluted loss per share is based on:		
Loss for the financial year attributable to owners of the parent (Rp'000)	(7,222,962)	(38,512,724)
Weighted average number of ordinary shares after share consolidation ('000)	200,721	196,023

12. BEARER PLANTS

	Mature oil palm plantations Rp'000	Immature oil palm plantations Rp'000	Land preparation cost Rp'000	Nurseries Rp'000	Total Rp'000
Group Cost					
Balance as at 1.1.2020	134,133,068	47,049,195	46,341	2,142,704	183,371,308
Acquisition of a subsidiary (Note 15)	159,654,189	-	-	-	159,654,189
Additions	-	11,016,007	21,414	5,404,136	16,441,557
Disposals	-	-	-	(175,200)	(175,200)
Write off	(7,692,703)	-	-	-	(7,692,703)
Reclassification	15,132,356	(15,070,799)	(3,002)	(58,555)	-
Balance as at 31.12.2020	301,226,910	42,994,403	64,753	7,313,085	351,599,151
Accumulated depreciation					
Balance as at 1.1.2020	58,724,506	-	-	-	58,724,506
Depreciation for the financial year	5,907,960	-	-	-	5,907,960
Write off	(6,585,868)	-	-	-	(6,585,868)
Balance as at 31.12.2020	58,046,598	-	-	-	58,046,598
Carrying amount					
Balance as at 31.12.2020	243,180,312	42,994,403	64,753	7,313,085	293,552,553

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. BEARER PLANTS (CONTINUED)

	Mature oil palm plantations Rp'000	Immature oil palm plantations Rp'000	Land preparation cost Rp'000	Nurseries Rp'000	Total Rp'000
Group					
Cost					
Balance as at 1.1.2019	157,592,641	30,491,841	6,635,818	7,530,142	202,250,442
Additions	–	12,858,285	5,687,999	2,612,171	21,158,455
Disposals	(2,558,623)	–	–	(275,600)	(2,834,223)
Write off	(37,203,366)	–	–	–	(37,203,366)
Reclassification	16,302,416	3,699,069	(12,277,476)	(7,724,009)	–
Balance as at 31.12.2019	134,133,068	47,049,195	46,341	2,142,704	183,371,308
Accumulated depreciation					
Balance as at 1.1.2019	87,094,900	–	–	–	87,094,900
Depreciation for the financial year	6,427,706	–	–	–	6,427,706
Disposals	(352,033)	–	–	–	(352,033)
Write off	(34,446,067)	–	–	–	(34,446,067)
Balance as at 31.12.2019	58,724,506	–	–	–	58,724,506
Carrying amount					
Balance as at 31.12.2019	75,408,562	47,049,195	46,341	2,142,704	124,646,802

During the financial year, the Group has cleared off certain plots of mature oil palm plantations aged from 24 to 25 years old for re-planting with better yield seedlings. This led to the write off of bearer plants of Rp1,106,835,000 (2019: Rp2,757,299,000) that has been recognised in profit or loss, and included within "Other expenses" in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure Rp'000	Machinery and equipment Rp'000	Transportation equipment and motor vehicles Rp'000	Office equipment Rp'000	Construction- in-progress Rp'000	Total Rp'000
Group						
Cost						
Balance as at 1.1.2020	108,141,062	83,189,383	62,904,134	4,003,228	14,526,112	272,763,919
Acquisition of a subsidiary (Note 15)	12,379,860	781,748	8,486,114	96,108	–	21,743,830
Additions	807,346	751,538	3,172,625	153,015	19,185,402	24,069,926
Disposals	–	–	(1,778,952)	–	–	(1,778,952)
Write off	(1,650,030)	(3,580,141)	–	–	–	(5,230,171)
Reclassification	9,444,467	23,973,721	–	–	(33,418,188)	–
Currency translation differences	–	–	56,567	57,516	–	114,083
Balance as at 31.12.2020	129,122,705	105,116,249	72,840,488	4,309,867	293,326	311,682,635
Accumulated depreciation						
Balance as at 1.1.2020	37,013,324	42,345,992	42,287,084	3,114,363	–	124,760,763
Depreciation for the financial year	4,547,913	3,651,424	4,496,321	215,727	–	12,911,385
Disposals	–	–	(1,470,338)	–	–	(1,470,338)
Write off	(1,234,250)	(1,040,533)	–	–	–	(2,274,783)
Currency translation differences	–	–	56,567	56,101	–	112,668
Balance as at 31.12.2020	40,326,987	44,956,883	45,369,634	3,386,191	–	134,039,695
Carrying amount						
Balance as at 31.12.2020	88,795,718	60,159,366	27,470,854	923,676	293,326	177,642,940

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and infrastructure Rp'000	Machinery and equipment Rp'000	Transportation equipment and motor vehicles Rp'000	Office equipment Rp'000	Construction- in-progress Rp'000	Total Rp'000
Group						
Cost						
Balance as at 1.1.2019	100,731,298	79,076,944	66,644,222	3,902,229	1,174,181	251,528,874
Additions	1,363,772	4,112,439	1,225,490	151,200	19,397,923	26,250,824
Disposals	-	-	(4,635,373)	-	-	(4,635,373)
Write off	-	-	(280,833)	-	-	(280,833)
Reclassification	6,045,992	-	-	-	(6,045,992)	-
Currency translation differences	-	-	(49,372)	(50,201)	-	(99,573)
Balance as at 31.12.2019	108,141,062	83,189,383	62,904,134	4,003,228	14,526,112	272,763,919
Accumulated depreciation						
Balance as at 1.1.2019	32,889,140	39,101,161	41,782,116	2,940,883	-	116,713,300
Depreciation for the financial year	4,124,184	3,244,831	4,895,584	221,135	-	12,485,734
Disposals	-	-	(4,221,890)	-	-	(4,221,890)
Write off	-	-	(119,354)	-	-	(119,354)
Currency translation differences	-	-	(49,372)	(47,655)	-	(97,027)
Balance as at 31.12.2019	37,013,324	42,345,992	42,287,084	3,114,363	-	124,760,763
Carrying amount						
Balance as at 31.12.2019	71,127,738	40,843,391	20,617,050	888,865	14,526,112	148,003,156

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles Rp'000	Office equipment Rp'000	Total Rp'000
Company			
Cost			
Balance as at 1.1.2020	1,805,500	1,835,820	3,641,320
Currency translation differences	56,567	57,516	114,083
Balance as at 31.12.2020	1,862,067	1,893,336	3,755,403
Accumulated depreciation			
Balance as at 1.1.2020	1,805,500	1,785,317	3,590,817
Depreciation for the financial year	–	42,603	42,603
Currency translation differences	56,567	56,101	112,668
Balance as at 31.12.2020	1,862,067	1,884,021	3,746,088
Carrying amount			
Balance as at 31.12.2020	–	9,315	9,315
Cost			
Balance as at 1.1.2019	1,854,872	1,886,021	3,740,893
Currency translation differences	(49,372)	(50,201)	(99,573)
Balance as at 31.12.2019	1,805,500	1,835,820	3,641,320
Accumulated depreciation			
Balance as at 1.1.2019	1,854,872	1,776,983	3,631,855
Depreciation for the financial year	–	55,989	55,989
Currency translation differences	(49,372)	(47,655)	(97,027)
Balance as at 31.12.2019	1,805,500	1,785,317	3,590,817
Carrying amount			
Balance as at 31.12.2019	–	50,503	50,503

Transportation equipment and motor vehicles of the Group with carrying amount of Rp948,750,000 (2019: Rp1,063,750,000) were acquired and secured under bank borrowing (Note 25).

For the purpose of consolidated statement of cash flows, the Group additions to property, plant and equipment during the financial year comprised:

	Group	
	2020 Rp'000	2019 Rp'000
Additions of property, plant and equipment	24,069,926	26,250,824
Acquired under bank borrowing	–	(805,000)
Cash payments to acquire property, plant and equipment	24,069,926	25,445,824

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. RIGHT-OF-USE ASSETS

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	3,701,059	4,937,989	3,392,990	4,415,314
Acquisition of a subsidiary (Note 15)	11,768	–	–	–
Modifications to lease term	229,171	–	–	–
Amortisation for the financial year	(1,145,907)	(1,125,207)	(929,502)	(910,601)
Currency translation differences	102,659	(111,723)	102,659	(111,723)
Balance as at the end of the financial year	2,898,750	3,701,059	2,566,147	3,392,990

The right-of-use assets comprised mainly leases of office premises.

During the current year, the Group renegotiated and modified existing lease contracts for office premises by extending the lease term by another 2 years. As this extension is not part of the terms and conditions of the original lease contracts, it is accounted for as a lease modification with an addition to the right-of-use assets. The corresponding remeasurement to lease liability is recorded under 'Lease liabilities' (Note 26).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 Rp'000	2019 Rp'000
Unquoted equity shares in corporations, at cost		
Balance as at the beginning of the financial year	747,985,168	768,439,502
Liquidation	(14)	–
Currency translation differences	23,434,463	(20,454,334)
Balance as at the end of the financial year	771,419,617	747,985,168

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2020 %	2019 %	2020 %	2019 %
Held by the Company					
Global Palm Resources Private Limited ⁽¹⁾ (Singapore)	Investment holding company	100	100	–	–
Ecogreen Resources Investments Limited ⁽²⁾ (Cayman Islands)	Dormant	–	100	–	–
Held by Global Palm Resources Private Limited					
PT Prakarsa Tani Sejati ⁽³⁾ (Indonesia)	Oil palm plantations and manufacturing of plantation products (crude palm oil and palm kernels)	95	95	5	5
PT Bumi Raya Agro ⁽⁴⁾ (Indonesia)	Agriculture and plantation	95	95	5	5
PT Cemar Lestari ⁽⁴⁾ (Indonesia)	Trading, agriculture and plantation	95	–	5	–

⁽¹⁾ Audited by BDO LLP, Singapore, a member firm of BDO International Limited

⁽²⁾ Not required to be audited, liquidated on 28 January 2020

⁽³⁾ Audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited

⁽⁴⁾ Audited by KAP Y. Santosa dan Rekan, Indonesia, a member firm of Praxity, Global Alliance of Independent Firms

Acquisition of subsidiary

On 30 November 2020, the Company's wholly owned subsidiary, Global Palm Resources Private Limited ("GPRPL"), has completed acquisition of 95% equity interest in PT Cemar Lestari from related parties, PT Ketapang Indah Plywood Industries, PT Bumiraya Utama and PT Bumisubur Lestaritani. Upon the acquisition, PT Cemar Lestari became a subsidiary of the Group. The Group has acquired PT Cemar Lestari to expand its sources of revenue and its current business operations, including the Group's geographical coverage in West Kalimantan and overall rate of production of fresh palm fruit bunches as well as increase the Group's aggregate land bank available for future cultivation.

Several favourable fair value adjustments were made to the identifiable assets of PT Cemar Lestari. Due to the favourable fair value adjustments, the acquisition of PT Cemar Lestari resulted in a gain on a bargain purchase as a result of its net recognised amount of identifiable assets acquired and liabilities assumed is higher than the purchase consideration transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Acquisition of subsidiary (Continued)**

On 18 June 2019, the Company's wholly owned subsidiary, GPRPL, has completed acquisition of 95% equity interest in PT Bumi Raya Agro from related parties, PT Bumiraya Utama and Mr Swandono Adijanto. Upon the acquisition, PT Bumi Raya Agro became a subsidiary of the Group. The Group has acquired PT Bumi Raya Agro to expand its sources of revenue and its current business operations, including the Group's geographical coverage in Kalimantan and overall rate of production of fresh palm fruit bunches as well as increase the Group's aggregate land bank available for future cultivation.

The fair values of the identifiable assets and liabilities of PT Cemarum Lestari (2019: PT Bumi Raya Agro) as at the date of acquisition were:

	Fair value recognised on date of acquisition	
	2020	2019
	Rp'000	Rp'000
Bearer plants	159,654,189	–
Property, plant and equipment	21,743,830	–
Right-of-use assets	11,768	–
Operating use rights	57,392,664	–
Deferred charges	–	24,789,321
Cash and cash equivalents	12,032,475	36,359
Biological assets	3,520,700	–
Inventories	1,062,451	–
Trade and other receivables	5,907,863	1,000
	261,325,940	24,826,680
Trade and other payables	(2,572,689)	(396,570)
Amount owing to immediate holding company	(78,864,194)	–
Lease liabilities	(12,290)	–
Provision for post-employment benefits	(4,774,347)	–
Deferred tax liabilities	(26,986,980)	(3,150,958)
	(113,210,500)	(3,547,528)
Net identifiable assets at fair value	148,115,440	21,279,152
Less: Non-controlling interests' proportionate share of the net identifiable assets at fair value	(7,405,772)	(1,063,957)
Less: Consideration transferred for the business	(69,343,827)	(23,618,425)
Gain on a bargain purchase/(Goodwill)	71,365,841	(3,403,230)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Acquisition of subsidiary (Continued)**

Deferred tax liabilities of Rp25,206,416,000 (2019: Rp3,150,958,000) are provided in regards to the fair value adjustment.

	2020 Rp'000	2019 Rp'000
Consideration for acquisition of 95% equity interest		
– Refundable deposit paid in previous financial year	–	18,000,000
– Amount due to related party	–	5,229,514
– Cash paid during the financial year	–	388,911
– Non-cash consideration ⁽¹⁾	69,343,827	–
Total consideration	69,343,827	23,618,425
Less: 95% share of net identifiable assets at fair value	(140,709,668)	(20,215,195)
Capital reserve ⁽²⁾	(71,365,841)	3,403,230

(1) In connection with the acquisition of the 95% equity interest in PT Cemarum Lestari, the Company issued 55,156,000 ordinary shares with a fair value of \$0.119 (equivalent to Rp1,257) per share, totalling Rp69,343,827,000 as the purchase consideration. The fair value of these shares is the published price of the shares at the acquisition date.

(2) No (gain on bargain purchase)/goodwill was recognised upon acquisition of the above subsidiary as the transaction is business combination under common control. Any difference between consideration paid for the acquisition and net assets acquired is recognised directly to equity in "Capital reserve".

Non-controlling interest in PT Cemarum Lestari (2019: PT Bumi Raya Agro) at the acquisition date is Rp4,737,951,000 (2019: Rp1,063,957,000), measured at the non-controlling interests' proportionate share of the net identifiable assets at fair value.

From 30 November 2020, PT Cemarum Lestari has contributed Rp4,228,834,000 and Rp1,551,610,000 to the revenue and profit after income tax of the Group respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profits after income tax would have been Rp43,596,713,000 and Rp8,283,110,000 respectively.

From 18 June 2019 up to 31 December 2019, PT Bumi Raya Agro has yet to commence its operation. Hence, the impact of acquisition on profit or loss are not material.

Transaction costs related to the acquisition of the subsidiary amounting to Rp629,860,000 (2019: Rp208,096,000) have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Acquisition of subsidiary (Continued)**

The effects of the acquisition of the subsidiary on cash flows are as follows:

	2020 Rp'000	2019 Rp'000
Total Purchase consideration	69,343,827	23,618,425
Add: Settlement of amount due to previous shareholder	78,864,194	-
Less: Refundable deposit paid in previous financial year	-	(18,000,000)
Less: Amount owing to a related party	-	(5,229,514)
Less: Amount owing to a subsidiary	(156,400)	-
Less: Non-cash consideration	(69,343,827)	-
Less: Cash and cash equivalents of subsidiary acquired	(12,032,475)	(36,359)
Net cash outflow on acquisition	(66,675,319)	352,552

Liquidation of a subsidiary

On 28 January 2020, the Group liquidated Ecogreen Resources Investments Limited, a wholly owned subsidiary of the Group. No summarised financial information of Ecogreen Resources Investments Limited is shown as the effect on cash flows is not material.

Non-controlling interest

Summarised financial information in relation to the subsidiary that has non-controlling interest ("NCI") that is material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	PT Prakarsa Tani Sejati		PT Cemaru Lestari
	2020 Rp'000	2019 Rp'000	2020 Rp'000
Revenue	275,674,393	262,153,340	43,596,713
(Loss)/Profit before income tax	(6,300,273)	(42,261,446)	7,935,809
Income tax credit/(expense)	1,812,761	(541,973)	347,300
(Loss)/Profit for the financial year	(4,487,512)	(42,803,419)	8,283,109
(Loss)/Profit allocated to NCI	(224,375)	(2,140,171)	414,155
Other comprehensive loss allocated to NCI	(89,186)	(68,620)	(8,331)
Total comprehensive loss allocated to NCI	(313,561)	(2,208,791)	(405,824)
Cash flows (used in)/from operating activities	(39,894,839)	96,288,806	56,958,630
Cash flows used in investing activities	(45,228,685)	(46,550,600)	(159,654,189)
Cash flows (used in)/from financing activities	(21,819,641)	(9,340,391)	78,863,294
Net cash (outflows)/inflows	(106,943,165)	40,397,815	(23,832,265)
Assets:			
Current assets	226,944,555	321,779,882	23,872,972
Non-current assets	348,754,062	336,377,564	146,251,757
Liabilities:			
Current liabilities	(232,123,011)	(309,910,362)	(80,804,116)
Non-current liabilities	(46,023,875)	(44,424,122)	(6,230,241)
Net assets	297,551,731	303,822,962	83,090,372
Accumulated non-controlling interests	14,877,587	15,191,148	4,154,519

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PLASMA PLANTATION RECEIVABLES

	Group	
	2020 Rp'000	2019 Rp'000
Plasma plantation receivables	58,718,878	62,590,567
Less: Loss allowance	(3,377,585)	(2,426,974)
	55,341,293	60,163,593
Less: Current portion (Note 21)	(6,291,395)	(10,877,467)
Non-current portion	49,049,898	49,286,126

Plasma plantation receivables are secured by operating use rights and bear interest at 11% per annum, with no fixed repayment term and will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of FFB from the Plasma farmers.

The management determined there is a significant increase in credit risk and an additional loss allowance on Plasma plantation receivables of Rp950,611,000 (2019: Rp409,271,000) was recognised during the financial year ended 31 December 2020 using lifetime ECL as the amount is unlikely to be repaid.

Based on the management's estimate, the Plasma plantation receivables is expected to be repaid within the next 1 to 20 years when the Plasma plantations have a remaining maturity period of 13 to 20 years. Management also determined that Plasma plantation receivables of Rp6,291,395,000 (2019: Rp10,877,467,000) is expected to be recovered within the next financial year and classified as current receivables. The remaining balance of Rp49,049,898,000 (2019: Rp49,286,126,000) was estimated to be recovered by 2039 (2019: 2039).

Movement in the loss allowance for Plasma plantation receivables are as follows:

	Group	
	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	2,426,974	2,017,703
Loss allowance recognised during the financial year	950,611	409,271
Balance as at the end of the financial year	3,377,585	2,426,974

Plasma plantation receivables are denominated in Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. OPERATING USE RIGHTS

	Group	
	2020 Rp'000	2019 Rp'000
Cost		
Balance as at the beginning of the financial year	1,385,326	1,385,326
Acquisition of a subsidiary (Note 15)	57,392,664	–
Write off	(47,075)	–
Balance as at the end of the financial year	58,730,915	1,385,326
Accumulated amortisation		
Balance as at the beginning of the financial year	924,725	881,414
Amortisation for the financial year	133,104	43,311
Balance as at the end of the financial year	1,057,829	924,725
Carrying amount		
Balance as at the end of the financial year	57,673,086	460,601

The remaining amortisation period for operating use rights is as follows:

	Group	
	2020 Years	2019 Years
Remaining amortisation period	9	10

18. DEFERRED CHARGES

	Group	
	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	37,137,953	9,713,818
Additions	3,820,802	2,634,814
Acquisition of a subsidiary (Note 15)	–	24,789,321
Write off	(3,318,716)	–
Balance as at the end of the financial year	37,640,039	37,137,953

Deferred charges represent legal and professional fees and other incidental costs incurred in the process of completing the legal arrangement of obtaining land rights. Deferred charges are stated at cost and will be subsequently reclassified to operating use rights once the land rights are legally and successfully obtained.

During the financial year, the Group had wrote off deferred charges which amounted to Rp3,318,716,000 as the land was deemed unsuitable for plantation use. The amount written-off was included in "Other expenses" in the line item in the Group's profit or loss for the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. BIOLOGICAL ASSETS

	Group	
	2020 Rp'000	2019 Rp'000
<u>At fair value</u>		
Balance as at the beginning of the financial year	9,387,800	7,995,100
Acquisition of a subsidiary (Note 15)	3,520,700	–
Changes in fair value less estimated point-of-sale costs	3,904,400	1,392,700
Balance as at the end of the financial year	16,812,900	9,387,800

Biological assets comprise fresh fruit bunches (“FFB”) growing on mature oil palm trees. Mature oil palm trees produce FFB, which are used to produce crude palm oil and palm kernels.

During the financial year, the Group harvested approximately 84,493 (2019: 82,195) tonnes of FFB, including 2,182 tonnes of FFB harvested post-acquisition, from the newly-acquired subsidiary PT Cemarum Lestari.

As at the end of the financial year, the Group has estimated the quantity of biological assets, based on the FFB production yield, to be approximately 9,991.22 tonnes (2019: 6,006.90) tonnes of FFB. The fair value of FFB was determined with reference to their market prices.

The fair value of FFB was determined by an independent valuer having appropriate recognised professional qualification using the income approach method. The income approach has been adopted by the Group as being the most appropriate valuation technique. The income approach method is a valuation method that can be used for valuation of biological assets due to asset generating revenue (income producing assets).

Assumptions made in determining the fair values of biological assets are as follows:

- (i) FFB production yield from the respective stages of maturity of the mature oil palm plantation used to estimate the quantity of FFB based on management inspection on actual condition of un-harvested FFB growing on trees as at the end of the financial year and comparison to industry peers;
- (ii) the market selling prices of FFB as at the end of the financial year, issued by the plantation authority of West Kalimantan Province;
- (iii) the discount rate; and
- (iv) the transportation costs, maintenance costs and the cost of harvesting (estimated point-of-sale costs).

The resulting fair values of biological assets are considered level 3 recurring fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. INVENTORIES

	Group	
	2020 Rp'000	2019 Rp'000
Finished goods	26,082,704	16,317,473
Production supplies	14,791,670	11,336,922
Fresh fruit bunches	160,945	103,300
	41,035,319	27,757,695

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Trade receivables – third parties	4,052,814	2,002,321	–	–
Other receivables				
– subsidiaries	–	–	5,061,441	9,920,667
– related parties	40,531	156,400	–	–
– third parties	1,867,235	2,203,862	4,316	25,045
– Plasma plantation receivables (Note 16)	6,291,395	10,877,467	–	–
– loans to subsidiaries	–	–	342,088,306	248,975,268
	8,199,161	13,237,729	347,154,063	258,920,980
VAT recoverable	356,044	530,009	–	–
Refundable deposits	4,137,763	1,955,461	3,971,438	1,789,146
	16,745,782	17,725,520	351,125,501	260,710,126

Trade receivables are unsecured, non-interest bearing and generally on 30 days' credit terms.

The non-trade amounts due from subsidiaries and related parties are unsecured, non-interest bearing and repayable on demand.

Except for an amount of Rp181,309,268,000 (2019: Rp236,791,077,000) which bear interest at 1.5% above SIBOR per annum, the loans to subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables (excluding VAT recoverable) are denominated in the following currencies:

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Indonesian rupiah	12,413,660	15,380,998	88,548,387	77,887,105
Singapore dollar	2,761,519	633,020	261,362,555	181,641,528
Malaysian ringgit	1,214,559	1,181,493	1,214,559	1,181,493
	16,389,738	17,195,511	351,125,501	260,710,126

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	148,680	1,738,022
Additions/(Disposals)	5,315,761	(1,811,353)
Changes in fair value during the financial year (Note 7)	1,998,929	222,011
Balance as at the end of the financial year	7,463,370	148,680
Comprising:		
Listed securities:		
Equity securities – Indonesia	7,463,370	148,680

The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The resulting fair values of financial assets at fair value through profit or loss are considered level 1 recurring fair value measurements.

The quoted equity securities are denominated in Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Cash and bank balances	35,809,220	27,375,225	1,768,086	4,481,714
Fixed deposits with banks	138,043,952	235,746,017	10,221,767	9,813,237
	173,853,172	263,121,242	11,989,853	14,294,951

The interest rates on the fixed deposits range from 0.22% to 6.25% (2019: 0.35% to 6.50%) per annum and have a tenure of 30 to 94 (2019: 9 to 92) days.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Indonesian rupiah	38,783,493	40,209,960	30,540	30,951
Singapore dollar	69,773,365	157,027,172	11,866,168	12,365,052
United States dollar	65,296,314	65,884,110	93,145	1,898,948
	173,853,172	263,121,242	11,989,853	14,294,951

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Trade payables – third parties	21,623,042	17,370,788	–	–
Other payables				
– related parties	270,797	7,520,029	–	–
– third parties	941,805	445,230	–	–
	1,212,602	7,965,259	–	–
VAT payable	325,096	–	–	–
Other taxes payable	828,602	677,867	–	–
Accrued operating expenses	9,193,024	8,010,227	1,906,505	1,312,785
Advances from customers	16,817,400	16,547,800	–	–
	49,999,766	50,571,941	1,906,505	1,312,785

Trade payables are unsecured, non-interest bearing and are normally settled within 30 to 60 days.

The non-trade amounts due to related parties relate to the advances from related parties and are unsecured, non-interest bearing and repayable on demand.

Advances from customers relate to the advance consideration received from customers for sales of goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24. TRADE AND OTHER PAYABLES (CONTINUED)

Movements in advances from customers:

	Group	
	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	16,547,800	2,880,000
Amount recognised as revenue	(16,547,800)	(2,880,000)
Cash received in advance of performance and not recognised as revenue	16,817,400	16,547,800
Balance as at the end of the financial year	16,817,400	16,547,800

Trade and other payables (excluding VAT payable, other taxes payable and advances from customers) are denominated in the following currencies:

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Indonesian rupiah	29,745,140	31,906,494	24,750	–
Singapore dollar	2,283,528	1,439,780	1,881,755	1,312,785
	32,028,668	33,346,274	1,906,505	1,312,785

25. BANK BORROWING

	Group	
	2020 Rp'000	2019 Rp'000
Bank loan – secured		
Non-current	–	72,004
Current	72,004	410,907
	72,004	482,911

As at 31 December 2020, the bank loan bears an interest rate at 4.25% (2019: 4.25%) with maturity date in 2021 (2019: 2021).

The bank loan was secured by certain transportation equipment and motor vehicles of the Group.

At the end of the financial year, the fair value of the bank borrowing approximates its carrying amounts as the contractual interest rate is similar to the market interest rate.

The bank borrowing is denominated in Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. LEASE LIABILITIES

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	3,714,117	4,764,291	3,391,267	4,241,616
Acquisition of a subsidiary (Note 15)	12,290	–	–	–
Lease modification	203,689	–	–	–
Interest expense (Note 8)	172,118	228,131	150,072	185,944
Lease payments				
– Principal portion	(1,123,103)	(942,001)	(871,415)	(742,176)
– Interest portion	(172,118)	(228,131)	(150,072)	(185,944)
Currency translation differences	106,248	(108,173)	106,248	(108,173)
Balance as at the end of the financial year	2,913,241	3,714,117	2,626,100	3,391,267

The maturity analysis of lease liabilities of the Group and the Company at the end of the financial year are as follows:

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Contractual undiscounted cash flows				
– Not later than a year	1,242,754	1,221,927	1,022,075	991,026
– Between one and two years	1,877,310	1,111,026	1,788,632	991,026
– Between two and five years	–	1,734,297	–	1,734,297
	3,120,064	4,067,250	2,810,707	3,716,349
Less: Future interest expense	(206,823)	(353,133)	(184,607)	(325,082)
Present value of lease liabilities	2,913,241	3,714,117	2,626,100	3,391,267
Presented in statements of financial position				
– Non-current	1,795,931	2,660,219	1,711,401	2,546,324
– Current	1,117,310	1,053,898	914,699	844,943
	2,913,241	3,714,117	2,626,100	3,391,267

The lease liabilities comprised mainly leases of office premises. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

As at 31 December 2020, the incremental borrowing rate applied ranges from 4.86% to 9.75% (2019: 4.86% to 9.75%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. LEASE LIABILITIES (CONTINUED)

The lease liabilities are denominated in the following currencies:

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Indonesian rupiah	287,141	322,850	–	–
Singapore dollar	2,626,100	3,391,267	2,626,100	3,391,267
	2,913,241	3,714,117	2,626,100	3,391,267

27. PROVISION FOR POST-EMPLOYMENT BENEFITS

	Group	
	2020 Rp'000	2019 Rp'000
Present value of retirement benefit obligations	(57,861,156)	(49,833,866)
Fair value of plan assets	14,489,514	15,458,813
	(43,371,642)	(34,375,053)

The Group recognises provision for post-employment benefits for all its permanent employees in accordance with Indonesian Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

The estimated liabilities for post-employment benefits based on the actuary report has been determined using the following assumptions:

	2020	2019
Discount rate	6.25% – 6.46% per annum	7.5% per annum
Wages and salary growth rate	8% per annum	8% per annum
Mortality rate	TMI 2019	TMI 2011
Retirement age	55 years of age	55 years of age
Average duration	13.07 years	14.39 years
Method	Projected unit credit	Projected unit credit

The schemes are exposed to a number of risks, including:

- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Salary risk: increases in future salaries increase the gross retirement benefit obligations.
- Interest rate risk: decrease/increase in the discount rate used will increase/decrease the defined benefits obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)**Reconciliation of post-employment benefits**

	Group	
	2020 Rp'000	2019 Rp'000
Balance, representing present value of obligation, as at the beginning of the financial year	49,833,866	41,938,565
Acquisition of a subsidiary (Note 15)	4,774,347	–
<i>Included in profit or loss</i>		
Current service costs	4,650,765	3,575,532
Curtailment costs	858,901	–
Interest costs	3,681,763	3,410,827
	9,191,429	6,986,359
Provision utilised during the financial year	(8,296,672)	(822,379)
<i>Included in other comprehensive income</i>		
Remeasurement of post-employment benefits from:		
– Financial assumptions	3,316,594	3,233,044
– Experience adjustments	(958,408)	(1,501,723)
	2,358,186	1,731,321
Balance, representing present value of obligation, as at the end of the financial year	57,861,156	49,833,866
<u>Reconciliation of fair value of the plan assets:</u>		
Balance as at the beginning of the financial year	15,458,813	12,281,406
<i>Included in profit or loss</i>		
Interest	1,085,353	1,134,914
<i>Included in other comprehensive income</i>		
Return on plan assets (excluding interest)	(79,740)	(98,560)
<i>Others</i>		
Employer contributions	6,321,755	2,963,432
Benefits paid	(8,296,667)	(822,379)
	(1,974,912)	2,141,053
Balance as at the end of the financial year	14,489,514	15,458,813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

The fair value of the premium invested is analysed as follow:

	Group	
	2020 Rp'000	2019 Rp'000
Fixed income	11,581,603	12,356,373
Syariah fund	2,907,911	3,102,440
	14,489,514	15,458,813

Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumption	Change in actuarial assumption	Defined benefit obligation	
		Increase Rp'000	Decrease Rp'000
2020			
Discount rate	1%	(4,437,011)	4,589,429
Wages and salary growth rate	1%	5,095,511	(4,892,561)
Mortality rate	1%	750	(750)
2019			
Discount rate	1%	(3,764,655)	4,336,928
Wages and salary growth rate	1%	4,821,967	(4,193,199)
Mortality rate	1%	1,965	(1,965)

28. PROVISION FOR RESTORATION

	Group and Company	
	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	161,932	166,360
Currency translation differences	5,074	(4,428)
Balance as at the end of the financial year	167,006	161,932

The provision for costs of dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of leased office premise to its original conditions as stipulated in the terms and conditions of lease contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29. DEFERRED TAX LIABILITIES

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Balance as at the beginning of the financial year	13,385,715	10,005,253	371,546	226,585
Effect of change in tax rate	(1,606,287)	–	–	–
Arising from acquisition of a subsidiary (Note 15)	26,986,980	3,150,958	–	–
Charged to profit or loss	(721,018)	693,972	(201,448)	151,959
Credited to other comprehensive income	(487,585)	(457,470)	–	–
Currency translation differences	10,852	(6,998)	10,852	(6,998)
Balance as at the end of the financial year	37,568,657	13,385,715	180,950	371,546

Deferred tax liabilities arise as a result of temporary differences between the tax written down values and carrying amounts of the following computed at domestic income tax rate:

	Biological assets Rp'000	Property, plant and equipment Rp'000	Bearer plants, operating use rights and deferred charges Rp'000	Unremitted earnings Rp'000	Provision for post- employment benefits Rp'000	Total Rp'000
Group						
Balance as at 1.1.2019	1,998,774	13,433,855	1,760,328	226,585	(7,414,289)	10,005,253
Acquisition of subsidiary (Note 15)	–	–	3,150,958	–	–	3,150,958
Charged/(Credited) to profit or loss	348,175	1,275,083	(359,242)	151,959	(722,003)	693,972
Charged to other comprehensive income	–	–	–	–	(457,470)	(457,470)
Currency translation differences	–	–	–	(6,998)	–	(6,998)
Balance as at 31.12.2019	2,346,949	14,708,938	4,552,044	371,546	(8,593,762)	13,385,715
Effect of change in tax rate	(281,633)	(1,765,073)	(546,245)	(44,586)	1,031,250	(1,606,287)
Acquisition of subsidiary (Note 15)	1,848,712	6,693,573	20,080,720	–	(1,636,025)	26,986,980
Charged/(Credited) to profit or loss	(215,190)	(406,300)	(87,027)	(156,862)	144,361	(721,018)
Credited to other comprehensive income	–	–	–	–	(487,585)	(487,585)
Currency translation differences	–	–	–	10,852	–	10,852
Balance as at 31.12.2020	3,698,838	19,231,138	23,999,492	180,950	(9,541,761)	37,568,657

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29. DEFERRED TAX LIABILITIES (CONTINUED)

	Unremitted earnings Rp'000
Company	
Balance as at 1.1.2019	226,585
Charged to profit or loss	151,959
Foreign currency translation	(6,998)
Balance as at 31.12.2019	371,546
Credited to profit or loss	(201,448)
Foreign currency translation	10,852
Balance as at 31.12.2020	180,950

The Group and the Company has recognised deferred tax liabilities on unremitted earning, pertaining to interest income, amounting to approximately Rp180,950,000 (2019: Rp371,546,000) during the financial year.

Temporary differences on the undistributed earnings of the subsidiary for which no withholding tax liability has been recognised amounted to approximately Rp247,883,921,000 (2019: Rp291,587,101,000) as the Group does not expect to distribute such earnings in the foreseeable future. Such withholding tax liability is estimated to be Rp24,788,392,000 (2019: Rp29,158,710,000).

Unrecognised deferred tax assets

	Group	
	2020 Rp'000	2019 Rp'000
<u>Unutilised tax losses</u>		
Balance as at the beginning of the financial year	12,899,277	–
(Utilisation of deferred tax assets)/Deferred tax assets not recognised in profit or loss	(3,963,121)	10,666,012
Adjustments	–	2,233,265
Balance as at the end of the financial year	8,936,156	12,899,277

Deferred tax asset has not been recognised in respect of the unutilised tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. As at the end of the financial year, the Group had unutilised tax losses of approximately Rp40,618,891,000 (2019: Rp58,633,077,000) available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. These unutilised tax losses expire between 2023 and 2025 (2019: 2023 and 2024).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		Rp'000	
	'000	'000	Rp'000	Rp'000
<u>Issued and paid up</u>				
Balance as at the beginning of the financial year	206,484	206,484	681,817,047	681,817,047
Share issue (Note 15)	55,156	–	69,343,827	–
Balance as at the end of the financial year	261,640	206,484	751,160,874	681,817,047
<u>Treasury shares</u>				
Balance as at the beginning of the financial year	10,586	10,212	34,775,602	33,949,183
Shares re-acquired and held as treasury shares	–	374	–	826,419
Balance as at the end of the financial year	10,586	10,586	34,775,602	34,775,602
Balance as at the end of the financial year (excluding treasury shares)	251,054	195,898	716,385,272	647,041,445

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and the Company. All ordinary shares have no par value and carry one vote per share without restriction. On 30 November 2020, the Company issued 55,156,000 new ordinary shares for total consideration of \$6,563,561 (equivalent to Rp69,343,827,000) for the acquisition of 95% equity interest of PT Cemar Lestari as disclosed in Note 15.

Treasury shares

Treasury shares relate to ordinary shares of the Company that were re-acquired and held by the Company. In the previous financial year, the Company acquired 374,000 of its ordinary shares in the open market. The total amount paid to acquire these shares was Rp826,419,000 and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. CAPITAL RESERVE

The capital reserve was recognised due to business combination under common control which were accounted for using the 'acquisition' method.

32. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises mainly foreign exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Group's presentation currency and is non-distributable.

33. COMMITMENTS

33.1 Capital commitments

At the end of the financial year, the Group had the following capital expenditure contracted for but not recognised in the financial statements as follows:

	Group	
	2020 Rp'000	2019 Rp'000
Property, plant and equipment	391,747	4,499,580

33.2 Commitment for sales contracts

The Group had the following contractual amounts of the committed contracts with fixed pricing terms that were outstanding at the end of the financial year.

	Group	
	2020 Rp'000	2019 Rp'000
Sales	151,261,972	113,897,360

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2020 Rp'000	2019 Rp'000
<u>Related parties</u>		
Purchase of spare parts and fuel from related parties	4,488,710	312,780
Services received from related parties	300,000	300,000
Transportation charged by related parties	–	274,993
Rental of premises charged by related parties	208,679	208,679
Sales of palm seeds and polybags to related parties	215,731	–
Advances to related parties	41,087	–

Related parties refer to entities, of which Adijanto Family has control.

As at 31 December, the outstanding balances in respect of the above transactions are disclosed in Notes 21 and 24 to the financial statements.

Key management personnel remuneration

Key management personnel of the Group comprise the Directors and other key management personnel. The details of their remunerations are as follows:

	Group	
	2020 Rp'000	2019 Rp'000
Short-term benefits	12,882,446	12,541,163
<i>Analysed into:</i>		
Directors of the Company	6,688,861	6,223,515
Directors of the subsidiary	2,215,557	2,189,997
Other key management personnel	3,978,028	4,127,651
	12,882,446	12,541,163
Directors' fees	1,969,157	1,909,337

35. SEGMENT REPORTING

The Group operates only in one business segment, which is the plantation segment and in one geographical location, Indonesia. Accordingly, no segmental information is prepared based on business segment or on geographical distribution as it is not meaningful.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

36.1 Financial instruments

The following sets out the financial instruments at the end of financial year:

	Group		Company	
	2020 Rp'000	2019 Rp'000	2020 Rp'000	2019 Rp'000
Financial assets				
Plasma plantation receivables ¹	49,049,898	49,286,126	–	–
Trade and other receivables ²	16,389,738	17,195,511	351,125,501	260,710,126
Dividend receivable	–	–	18,197,275	29,100,493
Cash and cash equivalents	173,853,172	263,121,242	11,989,853	14,294,951
Financial assets at amortised cost	239,292,808	329,602,879	381,312,629	304,105,570
Financial assets at fair value through profit or loss	7,463,370	148,680	–	–
	246,756,178	329,751,559	381,312,629	304,105,570
Financial liabilities				
Trade and other payables ³	32,028,668	33,346,274	1,906,505	1,312,785
Bank borrowing	72,004	482,911	–	–
Lease liabilities	2,913,241	3,714,117	2,626,100	3,391,267
Financial liabilities at amortised cost	35,013,913	37,543,302	4,532,605	4,704,052

¹ This represents the amount classified as non-current assets.

² This excludes VAT recoverable.

³ This excludes VAT payable, other taxes payable and advances from customers.

36.2 Financial risks

The Group's and the Company's activities expose them to credit risks, market risks (including foreign currency risks, interest rate risks and price risks) and liquidity risks. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management continually monitors the Group's and the Company's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

36.2 Financial risks (Continued)

(a) Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group is mainly exposed to credit risk from credit sales. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the Plasma plantation receivables amounting to Rp55,341,293,000 (2019: Rp60,163,593,000).

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries amounting to approximately Rp347,149,747,000 (2019: Rp258,895,935,000) which represented 98.9% (2019: 99.3%) of total trade and other receivables, and dividend receivable amounting to Rp18,197,275,000 (2019: Rp29,100,493,000).

Trade receivables

The Group has applied the simplified approach in accordance with SFRS(I) 9 to measure the loss allowance of trade receivables. The Group establishes an allowance for impairment by analysing the collective loss established for groups of similar credit risk pattern. The collective loss allowance is determined based on historical data which have been defaulted or terminated adjusted with forward-looking information.

As at 31 December 2020, the Group's trade receivables are considered to be a low credit risk and subject to immaterial credit loss.

Other receivables (excluding Plasma plantation receivables)

The Group has applied the general approach in accordance with SFRS(I) 9 to measure the loss allowance of other receivables using 12-month ECL. Credit risk for these assets has not increased significantly since their initial recognition. Hence, no loss allowance is recognised in application of SFRS(I) 9 except for Plasma plantation receivables where the credit risk management practice is disclosed in Note 16 to the financial statements.

For amount due from subsidiaries, Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. Further assessment on the expected credit loss allowance relating to the amount due from subsidiaries is disclosed in Note 3.2(iv) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

36.2 Financial risks (Continued)

(a) Credit risks (Continued)

Cash and cash equivalents

The cash and cash equivalents of the Group and Company are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and cash equivalents was negligible.

(b) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's and the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

Foreign currency risk arises from transactions denominated in currencies other than the functional currencies of the respective companies in the Group. The currencies that give rise to this risk of the Group are primarily Singapore dollar ("SGD"), United States dollar ("USD"), Malaysian ringgit ("MYR") and Indonesian rupiah ("IDR"). The currency that gives rise to this risk of the Company is primarily Indonesian rupiah ("IDR"), United States dollar ("USD") and Malaysian ringgit ("MYR").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)**36.2 Financial risks (Continued)****(b) Market risks (Continued)**Foreign currency risks (Continued)

The Group's currency exposure is as follows:

	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Group 2020					
Total financial assets	331,136,244	65,296,314	1,214,559	300,100,745	697,747,862
Total financial liabilities	(378,273,043)	–	–	(136,923,198)	(515,196,241)
Net financial assets	(47,136,799)	65,296,314	1,214,559	163,177,547	182,551,621
Less:					
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(268,720,868)	–	–	(56,426,096)	(325,146,964)
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(315,857,667)	65,296,314	1,214,559	106,751,451	(142,595,343)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)**36.2 Financial risks (Continued)****(b) Market risks (Continued)**Foreign currency risks (Continued)

The Group's currency exposure is as follows: (Continued)

	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Group					
2019					
Total financial assets	368,228,223	65,884,110	1,181,493	206,097,446	641,391,272
Total financial liabilities	(215,399,086)	–	–	(133,783,930)	(349,183,016)
Net financial assets	152,829,137	65,884,110	1,181,493	72,313,516	292,208,256
Less:					
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(218,403,031)	–	–	5,604,531	(212,798,500)
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(65,573,894)	65,884,110	1,181,493	77,918,047	79,409,756

The Company's currency exposure is as follows:

	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Company				
2020				
Total financial assets	93,145	1,214,559	106,776,202	108,083,906
Total financial liabilities	–	–	24,750	24,750
Net currency exposure of financial assets	93,145	1,214,559	106,751,452	108,059,156
2019				
Total financial assets	1,898,948	1,181,493	77,918,047	80,998,488
Total financial liabilities	–	–	–	–
Net currency exposure of financial assets	1,898,948	1,181,493	77,918,047	80,998,488

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)**36.2 Financial risks (Continued)****(b) Market risks (Continued)**Foreign currency risks (Continued)*Foreign currency sensitivity analysis*

The following table details the Group's sensitivity to a 2% (2019: 2%) change in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah against the Group entities' respective functional currency and the Company's sensitivity to a 2% (2019: 2%) change in United States dollar, Malaysian ringgit and Indonesian rupiah against the Company's functional currency (Singapore dollar). The sensitivity analysis assumes an instantaneous 2% (2019: 2%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah are included in the analysis.

	Increase/(Decrease) profit or loss	
	2020 Rp'000	2019 Rp'000
Group		
<u>Singapore dollar</u>		
Strengthened against Indonesian rupiah	(5,735,143)	(1,311,478)
Weakened against Indonesian rupiah	5,735,143	1,311,478
<u>United States dollar</u>		
Strengthened against Indonesian rupiah	1,305,926	1,317,682
Weakened against Indonesian rupiah	(1,305,926)	(1,317,682)
<u>Malaysian ringgit</u>		
Strengthened against Singapore dollar	24,291	23,630
Weakened against Singapore dollar	(24,291)	(23,630)
<u>Indonesian rupiah</u>		
Strengthened against Singapore dollar	2,135,029	1,558,361
Weakened against Singapore dollar	(2,135,029)	(1,558,361)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)**36.2 Financial risks (Continued)****(b) Market risks (Continued)**Foreign currency risks (Continued)Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease)	
	profit or loss	
	2020	2019
	Rp'000	Rp'000
Company		
<u>United States dollar</u>		
Strengthened against Indonesian rupiah	1,863	37,979
Weakened against Indonesian rupiah	(1,863)	(37,979)
<u>Malaysian ringgit</u>		
Strengthened against Singapore dollar	24,291	23,630
Weakened against Singapore dollar	(24,291)	(23,630)
<u>Indonesian rupiah</u>		
Strengthened against Singapore dollar	2,135,029	1,558,361
Weakened against Singapore dollar	(2,135,029)	(1,558,361)

The potential impact of foreign exchange rate fluctuation in profit or loss as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations of the Group's and the Company's foreign exchange exposure on foreign currency denominated cash and cash equivalents, receivables and payables at the end of the financial year.

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instrument will fluctuate because of changes in market interest rates.

The Group does not have financial instrument that carries at variable rate, hence the Group are not exposed to market risk for changes in interest rates. The Group's profit or loss and equity are not affected by the changes in interest rates of Plasma plantation receivables, bank borrowing and lease liabilities as they carry fixed interest and are measured at amortised cost. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The Company's exposure to market risk for changes in interest rates relates primarily to loans to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

36.2 Financial risks (Continued)

(b) Market risks (Continued)

Interest rate risks (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial assets and liabilities at the end of the financial year. For variable rate financial assets, the analysis is prepared assuming the amount of financial assets outstanding at the end of the financial year was outstanding for the whole financial year. The sensitivity analysis assumes an instantaneous 50 basis point (2019: 50 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rate increases or decreases by 50 basis point (2019: 50 basis point), profit before income tax of the Company, will increase or decrease by:

	Company	
	2020	2019
	Rp'000	Rp'000
Loans to a subsidiary	906,546	1,183,955

Price risks

The Group's exposure to price risk arises from its:

- purchase of raw materials and sales of crude palm oil and palm kernel; and
- investments in equity securities which are classified on the statement of financial position as financial assets at fair value through profit or loss.

Prices of raw materials and end products may fluctuate significantly depending on the market situation and factors such as weather, government policy, level of demand and supply in the market and the global economic environment. During periods of unfavourable price volatility, the Group may enter into forward physical contracts with its suppliers and customers or use derivative contracts in the conduct of business to manage its price risk.

Price risk sensitivity analysis

At the end of the financial year, had the crude palm oil and palm kernel average selling prices 3% (2019: 32%) higher or lower, with all variables held constant, loss before income tax would have been lower or higher by approximately Rp8,397,097,000 (2019: Rp83,889,069,000). The sensitivity analysis is based on published prices of crude palm oil and palm kernel available at the Plantation Agency of West Kalimantan Province.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

36.2 Financial risks (Continued)

(c) Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Not later than a year Rp'000	Between one and two year Rp'000	Between two and five years Rp'000
Group			
<u>Financial liabilities</u>			
2020			
Trade and other payables*	32,028,668	–	–
Bank borrowing	72,785	–	–
Lease liabilities	1,242,754	1,877,310	–
	33,344,207	1,877,310	–
2019			
Trade and other payables*	33,346,274	–	–
Bank borrowing	436,714	72,785	–
Lease liabilities	1,221,927	1,111,026	1,734,297
	35,004,915	1,183,811	1,734,297
Company			
<u>Financial liabilities</u>			
2020			
Trade and other payables	1,906,505	–	–
Lease liabilities	1,022,075	1,788,632	–
	2,928,580	1,788,632	–
2019			
Trade and other payables	1,312,785	–	–
Lease liabilities	991,026	991,026	1,734,297
	2,303,811	991,026	1,734,297

* This excludes VAT payable, other taxes payable and advances from customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of the Group's and the Company's current financial assets and financial liabilities approximate their respective fair values as at the end of the financial year due to the relative short term maturity of these financial instruments.

The fair value of non-current bank borrowing approximates its carrying amounts as the contractual interest rate is similar to the market interest rate.

The fair value of non-current Plasma plantation receivables is calculated based on discounted expected future principal and interest cash flows. The discount rate used is based on market rate for similar instrument at the end of the financial year. As at the end of the financial year, the fair value of the non-current Plasma plantation receivables approximates its carrying amount, as the discount rate approximates the contractual interest rate.

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

Assets carried at fair value classified by level of fair value hierarchy are as follows:

	Fair value measurement using:		
	Level 1 Rp'000	Level 2 Rp'000	Level 3 Rp'000
Group			
2020			
Assets			
Financial assets at fair value through profit or loss	7,463,370	-	-
Biological assets	-	-	16,812,900
2019			
Assets			
Financial assets at fair value through profit or loss	148,680	-	-
Biological assets	-	-	9,387,800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 1 fair value measurements

The financial instruments included in level 1 are traded in active markets and their fair values are based on quoted market prices at the reporting date.

(d) Level 3 fair value measurements

(i) Movements in Level 3 assets measured at fair value

The movements in biological assets measured at fair value are disclosed in Note 19.

(ii) Valuation policies and procedures

To determine the fair value of biological assets, the Group engages external valuation experts to perform the valuation. The group finance team is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

The group finance team reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuation experts. The group finance team also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the group finance team for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(iii) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 December 2020 Rp'000	Valuation technique used	Significant unobservable input	Quantitative information	Relationship of significant unobservable input to fair value
Biological assets	16,812,900 (2019: 9,387,800)	Income Approach (2019: Income Approach)	FFB production yield	9,991.22 tonnes (2019: 6,006.90 tonnes)	The higher the FFB production yield used to estimate the quantity of biological assets, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The management constantly reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The capital structure of the Group and the Company comprises the share capital, capital reserve, foreign currency translation reserve and accumulated (losses)/profits which are shown in the statements of financial position. The Group's and the Company's overall strategy remains unchanged from the previous financial year.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

39. UPDATES ON IMPACT OF CORONAVIRUS DISEASE 2019 ("COVID-19")

There has been uplifting news on the situation of COVID-19 following the availability of the vaccine in late 2020, unfortunately, some other parts of the world including Indonesia are experiencing the gradual impact of the new strain of COVID-19 which is said to be more transmissible than the existing one. Although Indonesia has purchased multiple batches of vaccines and its population is currently being inoculated in batches, the pandemic will continue to impact the Group to a certain degree. The Group's plantation segment is exposed to risks in Indonesia. Crude palm oil ("CPO") prices are expected to remain volatile considering the fear and uncertainty in the world economy due to COVID-19, as such it is not practicable to estimate the full financial impact of the pandemic on the Group's business, results of operations and cash flows for the financial year ending 31 December 2021 as the situation continues to evolve with significant level of uncertainty.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

No. of issued shares:	261,639,976
No. of issued shares (excluding treasury shares):	250,973,676
No. of treasury shares:	10,666,300 ⁽¹⁾
Percentage of treasury shares:	4.08%
Number of shareholders:	1,772
Class of shares:	Ordinary shares
Voting rights (excluding treasury shares):	1 vote per share ⁽²⁾

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.28	250	0.00
100 – 1,000	179	10.10	153,300	0.06
1,001 – 10,000	1,046	59.03	5,133,750	2.05
10,001 – 1,000,000	536	30.25	29,226,300	11.64
1,000,001 AND ABOVE	6	0.34	216,460,076	86.25
TOTAL	1,772	100.00	250,973,676	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GPR INVESTMENT HOLDINGS LIMITED	206,899,576	82.44
2	DBS NOMINEES (PRIVATE) LIMITED	3,412,150	1.36
3	RAFFLES NOMINEES (PTE.) LIMITED	1,969,050	0.78
4	OCBC SECURITIES PRIVATE LIMITED	1,942,300	0.77
5	LEE IN CHUN	1,190,000	0.47
6	CITIBANK NOMINEES SINGAPORE PTE LTD	1,047,000	0.42
7	LIM KUI TENG	1,000,000	0.40
8	DBSN SERVICES PTE. LTD.	882,000	0.35
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	830,050	0.33
10	CHONG YEN CHAN	807,900	0.32
11	SENG SOON HIANG	733,500	0.29
12	NG TONG HUAT	528,400	0.21
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	500,000	0.20
14	PHILLIP SECURITIES PTE LTD	446,000	0.18
15	SEE MENG HONG	400,000	0.16
16	GAN TIAM SIANG	376,400	0.15
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	310,600	0.12
18	LIM BOON SIANG	300,000	0.12
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	296,450	0.12
20	LIM CHOON THYE	260,000	0.10
TOTAL		224,131,376	89.29

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
GPR Investment Holdings Limited ⁽⁴⁾	206,899,576	82.44% ⁽³⁾	–	–

Notes:

- (1) Excluding 58,500 and 124,900 treasury shares bought back on 10th March 2021 and 11th March 2021 respectively, which have not been entered in the Depository Register.
- (2) Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.
- (3) The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as of 15 March 2021, excluding 10,666,300 ordinary shares held as treasury shares as at that date.
- (4) GPR Investment Holdings Limited (“GPR Investment”), a Seychelles-domiciled company, is the private investment vehicle of the Adjianto Family Shareholders (which includes our Executive Chairman and CEO, Dr Suparno Adjianto) through which they hold interests in our Company. GPR Investment is wholly-owned by the Adjianto Family Shareholders, and none of them exercises control over GPR Investment or dominates decision-making, whether directly or indirectly, in relation to the financial and operating policies of GPR Investment.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 15 March 2021, approximately 17.56% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.



**GLOBAL PALM RESOURCES
HOLDINGS LIMITED**

105 Cecil Street, #24-01
The Octagon, Singapore 069534
Tel (65) 6220 0170 | Fax (65) 6220 4642
www.gprholdings.com