

UNAUDITED HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2020**

1(a)(i) Consolidated Statements of Profit or Loss and Other Comprehensive Income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>1H 2020</u> Rp '000	<u>1H 2019</u> Rp '000	Change %
Revenue	138,331,630	122,704,082	13
Cost of sales	(122,015,231)	(128,556,155)	-5
Gross profit/(loss)	<u>16,316,399</u>	<u>(5,852,073)</u>	n.m
Operating expenses			
Distribution expenses	(1,726,055)	(310,112)	457
Administrative expenses	(24,320,714)	(21,655,542)	12
Finance costs	(110,695)	(375,326)	-71
	<u>(26,157,464)</u>	<u>(22,340,980)</u>	17
Other items of (expenses)/income			
Interest income	2,813,679	4,083,929	-31
Other income	427,522	3,395,882	-87
Other expenses	(1,104,453)	(911,195)	21
Foreign exchange gain, net	3,117,704	294,290	959
	<u>5,254,452</u>	<u>6,862,906</u>	-23
Loss before income tax	<u>(4,586,613)</u>	<u>(21,330,147)</u>	-78
Income tax expense	(172,195)	(705,401)	-76
Loss for the financial period	<u>(4,758,808)</u>	<u>(22,035,548)</u>	-78

n.m.: Not meaningful

	<u>1H 2020</u> <u>Rp '000</u>	<u>1H 2019</u> <u>Rp '000</u>	<u>Change</u> <u>%</u>
Other comprehensive loss:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	(1,612,685)	(4,586,560)	-65
Total comprehensive loss for the financial period	<u><u>(6,371,493)</u></u>	<u><u>(26,622,108)</u></u>	-76
Loss attributable to:			
Owners of the parent	(4,548,114)	(20,874,634)	-78
Non-controlling interests	(210,694)	(1,160,914)	-82
	<u><u>(4,758,808)</u></u>	<u><u>(22,035,548)</u></u>	-78
Total comprehensive loss attributable to:			
Owners of the parent	(6,160,799)	(25,461,194)	-76
Non-controlling interests	(210,694)	(1,160,914)	-82
	<u><u>(6,371,493)</u></u>	<u><u>(26,622,108)</u></u>	-76

1(a)(ii) Loss before income tax is arrived at after charging / (crediting) the following significant items:

	<u>1H 2020</u> <u>Rp '000</u>	<u>1H 2019</u> <u>Rp '000</u>	<u>Change</u> <u>%</u>
Interest income	(2,813,679)	(4,083,929)	-31
Finance costs	110,695	375,326	-71
Depreciation of property, plant and equipment	6,833,779	6,532,790	5
Amortisation of operating use rights	21,655	21,656	n.m.
Depreciation of bearer plants	2,812,460	3,150,317	-11
Foreign exchange gain, net	(3,117,705)	(294,290)	959
Gain on disposal of plant and equipment, net	(34,266)	(105,804)	-68
Fair value loss/(gain) from financial assets at fair value through profit of loss	36,325	(201,852)	n.m.
Property, plant and equipment written off	-	161,479	-100
Employment benefits expenses			
- salaries, wages and bonuses	15,658,461	14,823,832	6
Short-term lease			
- rental of premises	-	16,667	-100
Representation and entertainment	266,813	685,050	-61
Transportation, travelling and accommodation	300,428	617,677	-51
<u>Additional information:</u>			
EBITDA (Excluding changes in fair value less estimated point-of-sales costs of biological assets)	2,378,297	(15,333,988)	n.m.

1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year

	Group	
	As at	
	30/6/2020 Rp '000	31/12/2019 Rp '000
Non-current assets		
Bearer plants	127,088,743	124,646,802
Property, plant and equipment	150,939,970	148,003,156
Right-of-use assets	3,125,538	3,701,059
Plasma plantation receivables	52,866,331	49,286,126
Operating use rights	391,871	460,601
Deferred charges	39,035,309	37,137,953
	373,447,762	363,235,697
Current assets		
Biological assets	9,387,800	9,387,800
Inventories	26,804,827	27,757,695
Trade and other receivables	14,371,724	17,725,520
Current income tax recoverable	18,735,188	19,583,678
Prepayments	2,127,991	1,239,396
Financial assets at fair value through profit or loss	611,204	148,680
Cash and cash equivalents	225,021,757	263,121,242
	297,060,491	338,964,011
Less:		
Current liabilities		
Trade and other payables	30,782,943	50,571,941
Lease liabilities	721,263	1,464,805
Current income tax payable	82,122	82,566
	31,586,328	52,119,312
Net current asset	265,474,163	286,844,699
Less:		
Non-current liabilities		
Trade and other payables	161,061	161,932
Lease liabilities	2,718,525	2,732,223
Provision for post-employment benefits	29,360,609	34,375,053
Deferred tax liabilities	13,169,042	13,385,715
	45,409,237	50,654,923
Net assets	593,512,688	599,425,473
Capital and reserves		
Share capital	647,041,445	647,041,445
Capital Reserve	(3,403,230)	(3,403,230)
Foreign currency translation reserve	118,748,703	120,361,388
Accumulated losses	(184,905,760)	(180,816,354)
Equity attributable to owners of the parent	577,481,158	583,183,249
Non-controlling interests	16,031,530	16,242,224
Total equity	593,512,688	599,425,473

1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year

	Company	
	As at	
	30/6/2020	31/12/2019
	Rp '000	Rp '000
Non-current assets		
Property, plant and equipment	25,141	50,503
Right-of-use assets	2,924,772	3,392,990
Investments in subsidiaries	743,961,398	747,985,168
	746,911,311	751,428,661
Current assets		
Trade and other receivables	266,685,079	260,710,126
Dividend receivable	23,811,339	29,100,493
Prepayments	438,369	250,294
Cash and cash equivalents	11,326,167	14,294,951
	302,260,954	304,355,864
Less:		
Current liabilities		
Trade and other payables	1,357,045	1,312,785
Lease liabilities	409,845	844,943
Current income tax payable	82,122	82,566
	1,849,012	2,240,294
Net current asset	300,411,942	302,115,570
Less:		
Non-current liabilities		
Trade and other payables	161,061	161,932
Lease liabilities	2,532,626	2,546,324
Deferred tax liabilities	369,548	371,546
	3,063,235	3,079,802
Net assets	1,044,260,018	1,050,464,429
Capital and reserves		
Share capital	647,041,445	647,041,445
Foreign currency translation reserve	377,292,775	382,929,220
Accumulated profits	19,925,798	20,493,764
Total equity	1,044,260,018	1,050,464,429

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

	As at	
	30/6/2020	31/12/2019
	Rp '000	Rp '000
Amount repayable in one year or less, or on demand		
Secured	209,892	410,907
Unsecured	-	-
Total	209,892	410,907
Amount repayable after one year		
Secured	72,004	72,004
Unsecured	-	-
Total	72,004	72,004

1(c) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year

	1H 2020	1H 2019
	Rp '000	Rp '000
Cash flows from operating activities		
Loss before income tax	(4,586,613)	(21,330,147)
Adjustments for:		
Amortisation of operating use rights	21,655	21,656
Changes in fair value of financial assets at fair value through profit or loss	36,325	(201,852)
Depreciation of property, plant and equipment	6,833,779	6,532,790
Depreciation of bearer plants	2,812,460	3,150,317
Gain on disposal of plant and equipment, net	(34,266)	(105,804)
Loss allowance on plasma plantation receivables	272,020	-
Property, plant and equipment written off	-	161,479
Operating use rights written off	47,075	-
Interest expense	110,695	16,484
Interest income	(2,813,679)	(4,083,929)
Unrealised currency translation gain	(3,490,934)	(494,216)
Operating cash flows before working capital changes	<u>(791,483)</u>	<u>(16,333,222)</u>
Working capital changes:		
Inventories	952,868	10,611,907
Trade and other receivables	1,295,630	4,396,221
Prepayments	(426,728)	(671,847)
Trade and other payables	(19,776,983)	6,912,100
Utilisation of post-employment benefits	(5,014,444)	(2,102,658)
Cash (used in)/from operations	<u>(23,761,140)</u>	<u>2,812,501</u>
Interest received	996,929	1,832,084
Income tax paid	848,469	(5,022,822)
Net cash generated used in operating activities	<u>(21,915,742)</u>	<u>(378,237)</u>
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(352,552)
Capital expenditure on bearer plants	(5,429,600)	(9,176,115)
Proceeds from disposal of bearer plants	175,200	
(Purchases)/disposal of financial assets at fair value through profit or loss	(498,849)	1,811,354
Purchases of property, plant and equipment	(9,293,525)	(11,004,492)
Proceeds from disposal of property, plant and equipment	126,628	230,431
Payments/(Refunds) for deferred expenditure	(1,897,356)	1,776
Net cash used in investing activities	<u>(16,817,502)</u>	<u>(18,489,598)</u>

1(c) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	<u>1H 2020</u> <u>Rp '000</u>	<u>1H 2019</u> <u>Rp '000</u>
Cash flows from financing activities		
Shares buy back held in treasury	-	(745,034)
Repayments of lease liabilities	(549,249)	(198,807)
Lease liabilities interest paid	(110,695)	(16,484)
Repayments of obligations under finance leases	(201,015)	(154,667)
Net cash used in financing activities	<u>(860,959)</u>	<u>(1,114,992)</u>
Net change in cash and cash equivalents	(39,594,203)	(19,982,827)
Cash and cash equivalents at beginning of financial period	263,121,242	289,091,103
Effects of currency translation on cash and cash equivalents	<u>1,494,718</u>	<u>(4,386,284)</u>
Cash and cash equivalents at end of financial period	<u>225,021,757</u>	<u>264,721,992</u>

Reconciliation of liabilities arising from financing activities

	1 January 2020 Rp '000	Cash flow Rp '000	Non-cash changes Rp'000			30 June 2020 Rp '000
			Acquisition	Accretion in interest	Foreign exchange difference	
Lease liabilities	4,197,028	(676,606)	-	110,695	(100,329)	3,439,788

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the parent							Total equity Rp '000
	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 interests Rp '000		
Group								
Balance as at 1 January 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 period	-	-	-	(4,548,114)	(4,548,114)	(210,694)	(4,758,808)	
Other comprehensive gain for the financial period:								
Currency translation differences	-	-	(1,612,685)	-	(1,612,685)	-	(1,612,685)	
Total comprehensive gain for the financial period	-	-	(1,612,685)	(4,548,114)	(6,160,799)	(210,694)	(6,371,493)	
Contribution by and distribution to owners of the parent:								
Liquidation of a subsidiary	-	-	-	458,708	458,708	-	458,708	
Total transactions with owners of the parent, recognised directly in equity	-	-	-	458,708	458,708	-	458,708	
Balance as at 30 June 2020	647,041,445	(3,403,230)	118,748,703	(184,905,760)	577,481,158	16,031,530	593,512,688	

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the parent						Total equity Rp '000
	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated (losses)/profits Rp '000	Equity attributable to owners of the parent Rp '000	Non-controlling interests Rp '000		
Group							
Balance as at 1 January 2019	647,867,864	128,601,191	(140,999,839)	635,469,216	17,399,940	652,869,156	
Loss for the financial period	-	-	(20,874,634)	(20,874,634)	(1,160,914)	(22,035,548)	
Other comprehensive loss for the financial period:							
Currency translation differences	-	(4,586,560)	-	(4,586,560)	-	(4,586,560)	
Total comprehensive loss for the financial period	-	(4,586,560)	(20,874,634)	(25,461,194)	(1,160,914)	(26,622,108)	
Contribution by and distribution to owners of the parent:							
Shares buy back held in treasury	(745,034)	-	-	(745,034)	-	(745,034)	
Total transactions with owners of the parent, recognised directly in equity	(745,034)	-	-	(745,034)	-	(745,034)	
Changes in ownership interests in subsidiary:							
Capital injection from non-controlling interest in subsidiary	-	-	-	-	1,243,075	1,243,075	
Total changes in ownership interests in subsidiary	-	-	-	-	1,243,075	1,243,075	
Balance as at 30 June 2019	647,122,830	124,014,631	(161,874,473)	609,262,988	17,482,101	626,745,089	

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Foreign currency translation		Accumulated profits/(losses)	Total equity
	Share capital Rp '000	reserve Rp '000		
Balance as at 1 January 2020	647,041,445	382,929,220	20,493,764	1,050,464,429
Loss for the financial period	-	-	(567,966)	(567,966)
Other comprehensive income/(loss) for the financial period:				
Currency translation differences	-	(5,636,445)	-	(5,636,445)
Total comprehensive income/(loss) for the financial period	-	(5,636,445)	(567,966)	(6,204,411)
Balance as at 30 June 2020	647,041,445	377,292,775	19,925,798	1,044,260,018
Balance as at 1 January 2019	647,867,864	411,623,356	18,524,992	1,078,016,212
Gain for the financial period	-	-	908,105	908,105
Other comprehensive income/(loss) for the financial period:				
Currency translation differences	-	(15,976,572)	-	(15,976,572)
Total comprehensive income/(loss) for the financial period	-	(15,976,572)	908,105	(15,068,467)
Contribution by and distribution to owners of the parent:				
Shares buy back held in treasury	(745,034)	-	-	(745,034)
Total transactions with owners of the parent, recognised directly in equity	(745,034)	-	-	(745,034)
Balance as at 30 June 2019	647,122,830	395,646,784	19,433,097	1,062,202,711

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 30 June 2020, the number of ordinary shares in issue was 206,484,000 of which 10,585,700 were held by the Company as treasury shares (30 June 2019: 206,484,000 ordinary shares of which 10,570,700 were held as treasury shares).

During the period from January 2020 to June 2020, the Company did not purchase any shares from the open market (January 2019 to June 2019: The Company purchased 358,700 shares from the open market).

The total number of treasury shares held by the Company as at 30 June 2020 was 10,585,700 (30 June 2019: 10,570,700).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of treasury shares	Treasury shares Rp '000
Balance as at 1 January 2020	10,585,700	34,775,601
Purchase of treasury shares	-	-
Balance as at 30 June 2020	10,585,700	34,775,601

Total number of treasury shares against issued shares (excluding treasury shares):

Number of shares	As at 30 June 2020	As at 30 June 2019
Treasury shares	10,585,700	10,570,700
Issued shares (excluding treasury shares)	195,898,300	195,913,300
Total shares in issue	206,484,000	206,484,000

	As at 30 June 2020	As at 30 June 2019
Percentage of treasury shares	5.4%	5.4%

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares (excluding treasury shares):

As at 30 June 2020	As at 31 December 2019
195,898,300	195,898,300

As at 30 June 2020, the number of ordinary shares in issue was 206,484,000 of which 10,585,700 were held by the Company as treasury shares (31 December 2019: 206,484,000 ordinary shares of which 10,585,700 were held as treasury shares).

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period from January 2020 to June 2020, the Company did not purchase any shares from the open market (January 2019 to June 2019: The Company purchased 358,700 shares from the open market).

The total number of treasury shares held by the Company as at 30 June 2020 was 10,585,700 (30 June 2019: 10,570,700).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of shares	Treasury shares Rp '000
Balance as at 1 January 2020	10,585,700	34,775,601
Purchase of treasury shares	-	-
Balance as at 30 June 2020	10,585,700	34,775,601

1 (d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company has no subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice has been followed.

These figures have not been audited, or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 December 2019, as well as the Singapore Financial Reporting Standards (International) ("SFRS(I)").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends; (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<u>1H 2020</u> <u>Rp</u>	<u>1H 2019</u> <u>Rp</u>
Earnings per share for the period (Rp)		
(a) based on weighted average number of shares	(23)	(106)
(b) based on a fully diluted basis	(23)	(106)
Number of shares outstanding		
- Weighted average number of shares	195,898,300	196,149,775

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the; (a) current financial period reported on; and (b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>As at</u>		<u>As at</u>	
	<u>30 June 2020</u>	<u>31 December 2019</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Net asset value per ordinary share (Rp)	3,030	3,060	5,331	5,362
Number of issued shares excluding treasury shares	195,898,300	195,898,300	195,898,300	195,898,300

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following; (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance

1H2020 versus 1H2019

Revenue

The Group's revenue for 1H2020 increased Rp15.6 billion or 13%, from Rp122.7 billion in 1H2019 to Rp138.3 billion in 1H2020, mainly due to increase in crude palm oil ("CPO") and palm kernel ("PK") average selling prices. Revenue from CPO increased Rp16.6 billion, offset by a decrease in PK revenue of Rp1.0 billion.

The increase in CPO sales revenue of Rp16.6 billion or 15%, from Rp109.0 billion in 1H2019 to Rp125.6 billion in 1H2020, was mainly due the increase in CPO average selling price from Rp6,406/kg (1H2019) to Rp7,849/kg (1H2020). This represented an increase of 147% in CPO sales revenue for 1H2020. The increase is partially offset by a decrease in CPO sales volume from 17,012 tonnes (1H2019) to 16,006 tonnes (1H2020). This represented a decrease of 47% in CPO sales revenue for 1H2020.

The decrease in PK sales revenue of Rp1.0 billion or 7%, from Rp13.7 billion in 1H2019 to Rp12.7 billion in 1H2020, was mainly due to the decrease in PK sales volume from 4,254 tonnes (1H2019) to 2,894 tonnes (1H2020). This represented a decrease of 586% in PK sales revenue for 1H2020. The decrease is partially offset by an increase in PK average selling price from Rp3,227/kg (1H2019) to Rp4,391/kg (1H2020). This represented an increase of 486% in PK sales revenue for 1H2020.

The decrease in sales volume was mainly to lower production from the implementation of the Group's replanting program. As at 30 June 2020, the Group's total mature planted area and immature planted area (excluding the area covered under the Plasma programme) is 6,327 hectares and 2,656 hectares respectively.

Costs of sales

Cost of sales decreased by Rp6.5 billion or 5%, from Rp128.6 billion in 1H2019 to Rp122.0 billion in 1H2020. This was mainly due to the decrease in CPO and PK sales volume in 1H2020.

Gross profit

As a result of the foregoing, the Group recorded a gross profit of Rp16.3 billion in 1H2020 as compared to a gross loss of Rp5.9 billion in 1H2019. Gross profit margin increased 16.6% points from gross loss margin of 4.8% in 1H2019 to gross profit margin of 11.8% in 1H2020.

Distribution expenses

Distribution expenses increased by Rp1.4 billion or 457% from Rp0.3 billion (1H2019) to Rp1.7 billion (1H2020). This was mainly due to the increase in freight and stevedoring costs of Rp1.5 billion, as PK was sold CIF to the loading port of Pontianak in 1H2020 while in 1H2019, PK was sold FOB from the plantation's bulk storage warehouse in Matan.

Administrative expenses

Administrative expenses increased Rp2.6 billion or 12%, from Rp21.7 billion (1H2019) to Rp24.3 billion (1H2020). This was mainly due to an increase in professional fees of Rp1.6 billion, professional fees of Rp0.9 billion and salaries and wages of the Group of Rp0.8 billion.

Finance costs

Finance cost decreased by Rp0.3 billion or 71% mainly due to lower interest expense incurred on lease liabilities for 1H2020.

Interest income

Interest income decreased by Rp1.3 billion or 31%, from Rp4.1 billion (1H2019) to Rp2.8 billion (1H2020). This was mainly due to a decrease in interest earned from bank deposits of Rp0.9 billion from lower bank deposits. Interest earned from the plasma plantation receivables also decreased by Rp0.4 billion from Rp2.2 billion (1H2019) to Rp1.8 billion (1H2020).

Other income

Other income decreased by Rp3.0 billion or 87% in 1H2020, from Rp3.4 billion (1H2019) to Rp0.4 billion (1H2020). This was mainly due to a decrease in sales of sludge oil of Rp2.9 billion.

Other expenses

Other expenses increased Rp0.2 billion or 21% in 1H2020, from Rp0.9 billion (1H2019) to Rp1.1 billion (1H2020), mainly due to a loss on disposal of subsidiary of Rp0.5 billion, provision for Plasma loan impairment of Rp0.3 billion, offset by a decrease in areal survey expenses of Rp0.4 billion.

Foreign exchange gain, net

Net foreign exchange gain of Rp3.1 billion in 1H2020 was mainly due to the appreciation of IDR against SGD in 1H2020 for the IDR denominated inter-company financing for its subsidiary.

Loss before income tax

As a result of the foregoing, loss before income tax decreased by Rp16.7 billion or 78%, from Rp21.3 billion in 1H2019 to Rp4.6 billion in 1H2020.

Income tax expense

Income tax expense decreased by Rp0.5 billion or 76%, mainly due to lower deferred tax liability in 1H2020.

Loss after income tax

As a result of the above, loss after income tax decreased by Rp17.3 billion or 78%, from Rp22.0 billion in 1H2019 to Rp4.7 billion in 1H2020.

Review of Financial Position as at 30 June 2020

Non-current assets

Non-current assets for the Group increased by Rp10.2 billion or 3%, from Rp363.2 billion as at 31 December 2019 to Rp373.4 billion as at 30 June 2020. This was mainly due to increase in the credit extended to the Plasma farmers for the biological assets transferred of Rp3.6 billion, increase in property, plants and equipment of Rp2.9 billion, increase in bearer plants of Rp2.4 billion and increase in deferred charges of Rp1.9 billion.

Current assets

Current assets for the Group decreased by Rp41.9 billion or 12%, from Rp339.0 billion as at 31 December 2019 to Rp297.1 billion as at 30 June 2020. This was mainly due to decrease in cash and cash equivalents of Rp38.1 billion, which mainly resulted from the repayment of trade and other payables of Rp19.8 billion and cash used in investing activities of Rp16.8 billion.

Current liabilities

Current liabilities for the Group decreased by Rp20.5 billion or 39%, from Rp52.1 billion as at 31 December 2019 to Rp31.6 billion as at 30 June 2020. This was mainly due to decrease in trade and other payables of Rp19.8 billion and decrease in lease liabilities of Rp0.5 billion.

Non-current liabilities

Non-current liabilities for the Group decreased by Rp5.2 billion or 10%, from 50.6 billion as at 31 December 2019 to Rp45.4 billion as at 30 June 2020. This was mainly due to the decrease in provision for post-employment benefits of Rp5.0 billion and decrease in deferred tax liabilities of Rp0.2 billion.

Accumulated losses

The accumulated losses of Rp184.9 billion was mainly contributed by the accumulated losses of Rp180.8 billion brought forward from FY2019, and loss attributable to owners of the parent of Rp4.5 billion in 1H2020.

Review of Consolidated Cash Flows

Net cash used in operating activities of Rp21.9 billion in 1H2020 was mainly due to decrease in trade and other payables of Rp19.8 billion and utilization of post-employment benefits of Rp5.0 billion. This was offset by increase in trade and other receivables of Rp1.3 billion and inventories of Rp1.0 billion.

Net cash used in investing activities of Rp16.8 billion in 1H2020 was mainly due to purchases of property, plant and equipment of Rp9.3 billion, the capital expenditure on bearer plants of Rp5.4 billion, and payments for deferred expenditure of Rp1.9 billion.

Net cash used in financing activities of Rp0.9 billion in 1H2020 was mainly due to the repayment of lease liabilities and lease liabilities interest of Rp0.6 billion and repayment of obligations under finance leases of Rp0.2 billion.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The price of CPO dropped from RM 3131 per ton in early January to a low of RM 2060 per ton in early April. With news of important consumer countries coming out of lockdowns, the price of CPO has appreciated to the recent price of around RM 2,600 to RM 2,700 per ton. This was supported by inventory tightening in 1H2020 as production in key production countries were lower than expected. If more countries open up and the global economies improve, we may see further improvement in CPO prices. However, we may see prices retreating if there is a strong second wave of the COVID-19 outbreak, one that forces important consuming countries to lockdown again.

The Group will continue the replanting of older palm trees with newer breeds of higher-yielding palm trees to ensure long-term sustainability for the Group. We expect production of CPO and kernel to remain low for the next few years due to the replanting program. The management expects to see higher yield per hectare when the replanted palm trees reach maturity. This together with the continuous effort to increase productivity, should result in a positive sustainable future for the Group.

11. Dividend

(a) Current Financial Period Reported on

Any dividend to be declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared, a statement to that effect.

No dividend has been declared for the quarter ended 30 June 2020.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the period 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)
	1H2020	1H2020
PT Bumiraya Utama Lines	NIL	NIL*
PT Cemarum Lestari	NIL	NIL*

*The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5)

The Directors of the Company do hereby confirm that to the best of their knowledge, nothing has come to their attention which would render the unaudited financial statements for the financial period from 1 January 2020 to 30 June 2020 to be false or misleading in any material aspects.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1)

The Company confirmed that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

16. Update of the utilization of the Initial Public Offering (“IPO”) proceeds of S\$50.6 million

As at 30 June 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	3.41 ⁽²⁾	11.59 ⁽³⁾
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	36.23	14.37

As at 30 June 2020, the use of net proceeds from the IPO for 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
Fertilizers	1.57	-	1.57
Purchase 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

Notes:

- (1) Out of the S\$13.34 million utilized 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\$3.41 million utilized 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 and 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.
- (3) The Company has the option to acquire PT Cemaru, an Indonesian-incorporated company which holds *Hak Guna Usaha* to approximately 6,429 ha of oil palm plantation land in the Landak Regency in West Kalimantan. The acquisition is subject to the fulfillment of conditions such as the conduct of legal and financial due diligence on PT Cemaru as well as approvals required by the Indonesian authorities.

BY ORDER OF THE BOARD

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman & CEO

14 August 2020