GLOBAL PALM RESOURCES HOLDINGS LIMITED
(Company Registration Number: 200921345M)

AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS

31 DECEMBER 2014

BDO LLP
Public Accountants and
Chartered Accountants

GLOBAL PALM RESOURCES HOLDINGS LIMITED

CORPORATE INFORMATION

Company Registration Number	:	200921345M
Board of Directors	:	Tan Hong Kiat @ Suparno Adijanto (*Executive Chairman and CEO)* Yee Kit Hong (*Lead Independent Director*) M. Rajaram *(Independent Director)* Guok Chin Huat Samuel *(Independent Director)*
Company secretary	:	Yuen Pei Lur Perry (Appointed on 7 March 2013 and Resigned on 30 January 2014) Yoong Nim Chor (Appointed on 30 January 2014)
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 Auditor	:	BDO LLP Public Accountants and Chartered Accountants 21 Merchant Road #05-01 Singapore 058267 Partner-in-charge: Chay Yiowmin (Appointed for the financial year ended 31 December 2014)
Principal bankers	:	PT Bank CIMB Niaga Tbk Oversea-Chinese Banking Corporation Limited

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014 and the statement of changes in equity of the Company for the financial year then ended.

1. Directors

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

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

2. 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.

3. 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 Singapore Companies Act, Cap. 50 (the "Act"), except as follows:

	Shareholdings registered in name of Director	
	Balance as at 1.1.2014	**Balance as at 31.12.2014**
Ultimate holding company	**Number of ordinary shares of US$1 each**	
GPR Investment Holdings Limited		
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 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has substantial financial interest, except as disclosed in the financial statements. One Director received remuneration from a related corporation in his capacity as an executive of the related corporation.

5. Share options

There were no share options granted by the Company or its subsidiaries 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 subsidiaries.

There were no unissued shares of the Company or its subsidiaries 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 accounting controls;
(d) the Group's financial and operating results and accounting policies;
(e) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditor's report on those financial statements;
(f) the quarterly, half yearly and annual announcements as well as the related press releases on the statements of financial position of the Company and the Group, and the results, changes in equity and cash flows of the Group and changes in equity of the Company;
(g) the co-operation and assistance given by the management to the Company's external auditor; and
(h) the re-appointment of the external auditor 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	**Yee Kit Hong**
Director	Director

Singapore
1 March 2016

STATEMENT BY 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, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, 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.

On behalf of the Board of Directors,

Tan Hong Kiat @ Suparno Adijanto
Director

Yee Kit Hong
Director

Singapore
1 March 2016

Report on the Financial Statements

We have audited the accompanying financial statements of Global Palm Resources Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements (Continued)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014, 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.

Emphasis of Matter

We draw attention to Note 34 to the financial statements which describes the restatement and reissuance of the financial statements, as prompted by the Accounting and Corporate Regulatory Authority's (ACRA's) Financial Reporting Surveillance Programme. We have issued our auditor's report dated 26 March 2015 on the previously issued financial statements. Due to the amendments made as described in Note 34 to the financial statements, we provide this new auditor's report on the re-issued financial statements. Our audit opinion is not modified in respect of this matter.

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.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
1 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 Rp'000	Group 2013 Rp'000
Revenue	4	428,255,788	343,523,824
Cost of sales	5	(280,996,228)	(246,035,434)
Gross profit		147,259,560	97,488,390
Other items of income			
Interest income		8,796,292	5,674,186
Changes in fair value less estimated point-of-sales costs of biological assets	11	(22,014,331)	(32,594,502)
Other income	6	16,944,635	2,676,560
Other items of expense			
Distribution expenses		(3,118,245)	(1,966,483)
Administrative expenses		(37,500,910)	(32,551,397)
Finance costs	7	-	(458,474)
Other expenses		(3,446,176)	(9,661,537)
Profit before income tax	8	106,920,825	28,606,743
Income tax expense	9	(31,254,687)	(15,085,416)
Profit for the financial year		75,666,138	13,521,327
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits		(2,707,993)	2,021,435
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		676,998	(505,359)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(7,755,942)	52,492,039
Other comprehensive income for the financial year, net of tax		(9,786,937)	54,008,115
Total comprehensive income for the financial year		65,879,201	67,529,442

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 Rp'000	2013 Rp'000
Profit attributable to:			
Owners of the parent		71,973,904	11,975,631
Non-controlling interest		3,692,234	1,545,696
		75,666,138	13,521,327
Total comprehensive income attributable to:			
Owners of the parent		62,288,517	65,907,942
Non-controlling interest		3,590,684	1,621,500
		65,879,201	67,529,442
		Rp (Restated)	**Rp (Restated)**
Earnings per share			
- Basic and diluted	10	350	58

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group 2014 Rp'000	Group 2013 Rp'000	Company 2014 Rp'000	Company 2013 Rp'000
Non-current assets					
Biological assets	11	637,944,601	653,185,280	-	-
Property, plant and equipment	12	121,082,835	119,232,226	359,092	561,437
Investments in subsidiaries	13	-	-	543,499,928	555,375,799
Operating use rights	14	694,403	738,563	-	-
Club memberships	15	1,196,608	1,222,755	1,196,608	1,222,755
Deferred charges	16	7,967,977	3,628,500	-	-
		768,886,424	778,007,324	545,055,628	557,159,991
Current assets					
Inventories	17	25,970,734	30,587,623	-	-
Trade and other receivables	18	26,360,904	18,753,675	362,026,237	382,626,970
Dividend receivable		-	-	46,232,750	22,000,000
Prepayments		1,345,150	1,420,466	347,457	382,790
Financial assets at fair value through profit or loss	19	126,630	258,300	-	-
Cash and cash equivalents	20	412,722,129	354,479,648	43,900,846	45,242,076
		466,525,547	405,499,712	452,507,290	450,251,836
Less:					
Current liabilities					
Trade and other payables	21	45,891,123	55,576,351	1,056,774	1,048,300
Dividend payable to non-controlling interest		1,405,688	4,186,250	-	-
Current income tax payable		18,416,620	2,227,728	695,234	346,608
		65,713,431	61,990,329	1,752,008	1,394,908
Net current assets		400,812,116	343,509,383	450,755,282	448,856,928
Less:					
Non-current liabilities					
Provision for post-employment benefits	22	32,306,575	25,007,853	-	-
Deferred tax liabilities	23	127,077,489	128,010,915	-	-
		159,384,064	153,018,768	-	-
Net assets		1,010,314,476	968,497,939	995,810,910	1,006,016,919
Capital and reserves					
Share capital	24	674,562,922	681,817,047	674,562,922	681,817,047
Foreign currency translation reserve	25	87,079,615	94,835,557	289,353,443	311,098,031
Accumulated profits		215,164,476	160,274,806	31,894,545	13,101,841
Equity attributable to owners of the parent		976,807,013	936,927,410	995,810,910	1,006,016,919
Non-controlling interest		33,507,463	31,570,529	-	-
Total equity		1,010,314,476	968,497,939	995,810,910	1,006,016,919

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits Rp'000	Equity attributable to owners of the parent Rp'000	Non-controlling interest Rp'000	Total equity Rp'000
Group							
Balance as at 1.1.2014		681,817,047	94,835,557	160,274,806	936,927,410	31,570,529	968,497,939
Profit for the financial year		-	-	71,973,904	71,973,904	3,692,234	75,666,138
Other comprehensive income for the financial year:							
Remeasurement of post-employment benefits		-	-	(2,572,593)	(2,572,593)	(135,400)	(2,707,993)
Currency translation differences	25	-	(7,755,942)	-	(7,755,942)	-	(7,755,942)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		-	-	643,148	643,148	33,850	676,998
Total comprehensive income for the financial year		-	(7,755,942)	70,044,459	62,288,517	3,590,684	65,879,201
Contribution by and distribution to owners of the parent:							
Shares buy back held in treasury		(7,254,125)	-	-	(7,254,125)	-	(7,254,125)
Dividend to owners of the parent	26	-	-	(15,154,789)	(15,154,789)	-	(15,154,789)
Total transactions with owners of the parent, recognised directly in equity		(7,254,125)	-	(15,154,789)	(22,408,914)	-	(22,408,914)
Dividend to non-controlling interest		-	-	-	-	(1,653,750)	(1,653,750)
Balance as at 31.12.2014		674,562,922	87,079,615	215,164,476	976,807,013	33,507,463	1,010,314,476

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Group							
Balance as at 1.1.2013		681,817,047	42,343,518	167,156,382	891,316,947	33,255,294	924,572,241
Adoption of revised FRS 19		-	-	(7,244,023)	(7,244,023)	(381,265)	(7,625,288)
Balance as at 1.1.2013 (restated)		681,817,047	42,343,518	159,912,359	884,072,924	32,874,029	916,946,953
Profit for the financial year		-	-	11,975,631	11,975,631	1,545,696	13,521,327
Other comprehensive income for the financial year:							
Remeasurement of post-employment benefits		-	-	1,920,363	1,920,363	101,072	2,021,435
Currency translation differences	25	-	52,492,039	-	52,492,039	-	52,492,039
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		-	-	(480,091)	(480,091)	(25,268)	(505,359)
Total comprehensive income for the financial year		-	52,492,039	13,415,903	65,907,942	1,621,500	67,529,442
Distribution to owners of the parent							
Dividend to owners of the parent	26	-	-	(13,053,456)	(13,053,456)	-	(13,053,456)
Dividend to non-controlling interest		-	-	-	-	(2,925,000)	(2,925,000)
Balance as at 31.12.2013		681,817,047	94,835,557	160,274,806	936,927,410	31,570,529	968,497,939

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital	Foreign currency translation reserve	Accumulated profits	Total equity
		Rp'000	Rp'000	Rp'000	Rp'000
Company					
Balance as at 1.1.2014		681,817,047	311,098,031	13,101,841	1,006,016,919
Profit for the financial year		-	-	33,947,493	33,947,493
Other comprehensive income for the financial year:					
Currency translation differences	25	-	(21,744,588)	-	(21,744,588)
Total comprehensive income for the financial year		-	(21,744,588)	33,947,493	12,202,905
Contribution by and distribution to owners of the parent:					
Shares buy back held in treasury		(7,254,125)	-	-	(7,254,125)
Dividend to owners of the parent	26	-	-	(15,154,789)	(15,154,789)
Total transactions with owners of the parent, recognised directly in equity		(7,254,125)	-	(15,154,789)	(22,408,914)
Balance as at 31.12.2014		674,562,922	289,353,443	31,894,545	995,810,910

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits Rp'000	Total equity Rp'000
Company					
Balance as at 1.1.2013		681,817,047	131,774,843	15,793,430	829,385,320
Profit for the financial year		-	-	10,361,867	10,361,867
Other comprehensive income for the financial year:					
Currency translation differences	25	-	179,323,188	-	179,323,188
Total comprehensive income for the financial year		-	179,323,188	10,361,867	189,685,055
Distribution to owners of the parent					
Dividend to owners of the parent	26	-	-	(13,053,456)	(13,053,456)
Balance as at 31.12.2013		681,817,047	311,098,031	13,101,841	1,006,016,919

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Group	
	2014	2013 (Restated)
	Rp'000	Rp'000
Cash flows from operating activities		
Profit before income tax	106,920,825	28,606,743
Adjustments for:		
Amortisation of operating use rights	44,160	44,160
Changes in fair value less estimated point-of-sale costs of biological assets	22,014,331	32,594,502
Changes in fair value of financial assets at fair value through profit or loss	131,670	53,550
Depreciation of property, plant and equipment	10,522,078	10,348,085
Gain on disposal of biological assets, net	(4,049,600)	(698,207)
(Gain)/Loss on disposal of property, plant and equipment	(122,462)	126,518
Interest expense	-	458,474
Interest income	(8,796,292)	(5,674,186)
Provision for post-employment benefits	5,453,666	3,472,190
Unrealised currency translation gain	(7,631,084)	(2,126,776)
Operating cash flows before working capital changes	124,487,292	67,205,053
Working capital changes:		
Inventories	4,616,889	21,378,033
Trade and other receivables	18,088,280	(17,365,456)
Prepayments	66,966	113,576
Trade and other payables	(27,099,903)	23,007,965
Utilisation of post-employment benefits	(862,937)	(195,105)
Cash generated from operations	119,296,587	94,144,066
Interest paid	-	(453,728)
Interest received	8,791,224	5,669,427
Income tax paid	(15,272,727)	(21,991,522)
Net cash from operating activities	112,815,084	77,368,243
Cash flows from investing activities		
Additions to biological assets	(10,995,315)	(9,363,285)
Purchases of property, plant and equipment	(12,523,551)	(15,494,909)
Proceeds from disposal of property, plant and equipment	260,172	604,769
Payments for deferred charges arising from acquisition of land location permit	(4,339,477)	-
Net cash used in investing activities	(27,598,171)	(24,253,425)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group	
	2014	2013 (Restated)
	Rp'000	Rp'000
Cash flows from financing activities		
Dividend paid to owners of the parent	(15,154,789)	(13,053,456)
Dividend paid to non-controlling interest	(4,186,250)	(438,750)
Shares buy back held in treasury	(7,254,125)	-
Finance leases' interest paid	-	(4,746)
Repayments of bank borrowings	-	(29,787,000)
Repayments of obligations under finance leases	-	(30,121)
Net cash used in financing activities	(26,595,164)	(43,314,073)
Net change in cash and cash equivalents	58,621,749	9,800,745
Cash and cash equivalents at the beginning of the financial year	354,479,648	292,415,847
Effects of currency translation on cash and cash equivalents	(379,268)	52,263,056
Cash and cash equivalents at the end of the financial year (Note 20)	412,722,129	354,479,648

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

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 a subsidiary of GPR Investment Holdings Limited, a Seychelles-domiciled company, which is also its ultimate holding company.

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 13 to the financial statements.

The financial statements for the financial year ended 31 December 2014 were previously authorised for issue in accordance with a Directors' resolution dated 26 March 2015. Due to the amendments made as described in Note 34 to the financial statements, prompted by the Accounting and Corporate Regulatory Authority's (ACRA's) Financial Reporting Surveillance Programme, the accompanying financial statements for the said financial year have been re-issued and re-authorised for issue in accordance with a Directors' resolution dated 1 March 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") 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 which is the presentation currency for the consolidated financial statements 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 FRS 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 the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as detailed below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 110 *Consolidated Financial Statements* and FRS 27 (Revised) *Separate Financial Statements*

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

- power over an investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 January 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires the Group to disclose information that helps users to assess the nature and financial effects of its relationships with the subsidiaries. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 January 2014.

<u>FRS issued but not yet effective</u>

At the date of authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	: *Disclosure Initiative*	1 January 2016
FRS 7 (Amendments)	: *Disclosure Initiative*	1 January 2017
FRS 12 (Amendments)	: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 16 and FRS 38 (Amendments)	: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
FRS 16 and FRS 41 (Amendments)	: *Agriculture: Bearer Plants*	1 January 2016
FRS 19 (Amendments)	: *Defined Benefit Plans: Employee Contributions*	1 July 2014
FRS 109	: *Financial Instruments*	1 January 2018
FRS 115	: *Revenue from Contracts with Customers*	1 January 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

		Effective date (annual periods beginning on or after)
Improvements to FRSs (January 2014)		
- FRS 16 (Amendments)	: *Property, Plant and Equipment*	1 July 2014
- FRS 24 (Amendments)	: *Related Party Disclosures*	1 July 2014
- FRS 38 (Amendments)	: *Intangible Assets*	1 July 2014
- FRS 103 (Amendments)	: *Business Combinations*	1 July 2014
- FRS 108 (Amendments)	: *Operating Segments*	1 July 2014
Improvements to FRSs (November 2014)		
- FRS 19 (Amendments)	: *Employee Benefits*	1 January 2016
- FRS 107 (Amendments)	: *Financial Instruments: Disclosures*	1 January 2016

Consequential amendments were also made to various standards as a result of these new/revised standards.

Except as disclosed below, management anticipates that the adoption of the above FRS, where relevant, in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

FRS 16 and FRS 41 (Amendments) - *Agriculture: Bearer Plants*

The amendments extend the scope of FRS 16 *Property, Plant and Equipment* to include bearer plants and define a bearer plant as a living plant that:

– is used in the production process of agricultural produce,
– is expected to bear produce for more than one period; and
– has a remote likelihood of being sold (except incidental scrap sales).

The changes made result in bearer plants being accounted for in accordance with FRS 16 using either:

– the cost model, or
– the revaluation model.

The agricultural produce of bearer plants remains within the scope of FRS 41 *Agriculture*.

The Group plans to adopt these amendments in the financial year beginning on 1 January 2016 with retrospective effect. On adoption of these amendments, the Group will account for the fresh fruit bunches that can be harvested as biological assets at fair value and account for the oil palm plantations (excluding the fresh fruit bunches) as bearer plants using revaluation model. Prior year adjustments will be made accordingly in the Group's financial statements for that financial year.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group has reassessed the classification and measurement of its financial assets, and anticipates that there will be no change in the current classification and measurement of its financial assets.

In addition, the new impairment requirements are not likely to bring significant changes for impairment provisions on the Group's trade and other receivables.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. As the Group enters into separate contracts with customers for each sale and delivery of crude palm oil and/or palm kernels, each revenue stream accounted for in accordance to FRS 18 will be identified as a separate performance obligation under FRS 115. Therefore, the Group anticipates that there will be no change on the timing and profile of revenue recognition upon adoption of FRS 115.

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 control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

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 other members of the Group.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholders' financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and net assets acquired is recognised directly to equity.

Non-controlling interests

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. 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. 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 Company.

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 accumulated profits) 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 FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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. Summary of significant accounting policies (Continued)

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Normally these criteria are met when the goods are delivered to and accepted by the buyer.

<u>Interest income</u>

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

2.4 Employee benefits

(i) 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.

(ii) 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.

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 at the end of the financial year.

2. Summary of significant accounting policies (Continued)

2.4 Employee benefits (Continued)

(iii) 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.

2.5 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.6 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. 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 used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 asset to be recovered.

2. Summary of significant accounting policies (Continued)

2.6 Taxes (Continued)

Deferred tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

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 tax 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.

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 statement of financial position.

2.7 Biological assets

Biological assets, which include mature and immature oil palm plantations, are stated at fair value less estimated point-of-sale costs. Oil palm trees have an average life that ranges from 23 to 25 years, with the first 3 years as immature and the remaining years as mature. As market determined prices or values are not readily available for plantations in its present condition, the Group uses the present value of expected net future cash flows (excluding any future cash flows for financing the assets, taxation, or re-establishing plantations after harvest) from the asset, discounted at a current market determined pre-tax rate in determining fair values.

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

Oil palm plantation is classified as mature plantation if 70% of total plants per block are ready to be harvested with the average fresh fruit bunch weight of at least 3.5 kg or with the plant age of minimum of 36 months.

Biological assets also include land preparation costs which is the cost incurred to clear the land and to ensure that the plantations are in a state ready for the planting of seedlings.

2. Summary of significant accounting policies (Continued)

2.8 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

2. Summary of significant accounting policies (Continued)

2.9 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.

2.10 Club memberships

Club memberships are stated at cost less any impairment loss.

2.11 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 2.9) once the land rights are legally and successfully obtained.

2.12 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. Summary of significant accounting policies (Continued)

2.13 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.

2.14 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets as financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

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

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments (Continued)

Financial assets (Continued)

(i) Financial assets at fair value through profit or loss ("FVTPL") (Continued)

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

(ii) Loans and receivables

Non derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables, dividend receivable and cash and cash equivalents.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade and other receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments (Continued)

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 Group 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 retained earnings 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.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities.

Other financial liabilities

(i) Trade and other payables and dividend payable to non-controlling interest

Trade and other payables and dividend payable to non-controlling interest are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

(ii) Borrowings

Bank borrowings are initially measured at fair value, 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 in accordance with the Group's accounting policy for borrowing costs (Note 2.5).

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Derecognition of financial liabilities (Continued)

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.

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash and 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.

2.16 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. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

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

2.17 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as property, plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as finance lease payables. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.5).

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

Operating Leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.18 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as at the end of the financial year. 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 financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year 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 financial year. 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.

2.19 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.

2.20 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 that have a significant effect on the amounts recognised in the financial statements.

(i) <u>Impairment of investments in subsidiaries or financial assets</u>

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining when an investment in a subsidiary or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of investment in a subsidiary or a financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) <u>Determination of functional currency</u>

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.

(iii) <u>Allowance for impairment of trade and other receivables</u>

The policy for impairment of receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, allowances may be required.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

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

(iv) Inventory valuation method

Inventories, except fresh fruit bunch, are valued at the lower of actual cost and net realisable value. Cost is determined primarily using the weighted average method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position.

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) Biological assets

The Group's biological assets are stated at fair value less estimated point-of-sale costs. This requires independent valuer's assessment of the fair value of the biological assets. The fair value of the Group's biological assets are determined using the discounted cash flow method. The key inputs to the discounted cash flow model are derived based on certain significant assumptions made and such details are disclosed in Note 11 to the financial statements. While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and projected FFB selling price or significant changes in the Group's assumptions may materially affect the fair value of its biological assets. Changes in conditions of the biological assets could also impact the fair value of the biological assets. The carrying amount of the Group's biological assets as at 31 December 2014 was Rp637,944,601,000 (2013: Rp653,185,280,000).

(ii) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. 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 property, plant and equipment. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2014 were Rp121,082,835,000 (2013: Rp119,232,226,000) and Rp359,092,000 (2013: Rp561,437,000) respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) 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 employee benefits as at 31 December 2014 was Rp32,306,575,000 (2013: Rp25,007,853,000).

(iv) Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and the Company's current income tax payable as at 31 December 2014 was Rp18,416,620,000 (2013: Rp2,227,728,000) and Rp695,234,000 (2013: Rp346,608,000) respectively. The carrying amounts of the Group's deferred tax liabilities as at 31 December 2014 was Rp127,077,489,000 (2013: Rp128,010,915,000).

4. Revenue

	Group	
	2014	2013
	Rp'000	Rp'000
Crude palm oil	387,776,795	321,462,517
Palm kernels	40,478,993	22,061,307
	428,255,788	343,523,824

5. Cost of sales

	Group 2014 Rp'000	Group 2013 Rp'000
Cost of inventories recognised as expense	121,048,033	97,874,293
Employee benefits expense – Direct labour	34,694,460	31,423,917
Depreciation of property, plant and equipment	9,207,244	8,777,350
Amortisation of operating use rights	44,160	44,160
Field upkeeping and harvesting	23,321,550	17,984,476
Freight and stevedoring	17,496,119	16,041,042
Fuel and lubricant	16,779,678	16,008,628
Indirect materials used	28,125,948	32,501,848
Repair and maintenance	24,171,319	20,260,980
Other overheads	6,107,717	5,118,740
	280,996,228	246,035,434

6. Other income

	Group 2014 Rp'000	Group 2013 Rp'000
Changes in fair value of financial assets at fair value through profit or loss	(131,670)	(53,550)
Gain on disposal of property, plant and equipment	122,462	-
Gain on disposal of biological assets	4,049,600	698,207
Foreign exchange gain, net	9,898,351	-
Sundry income from sale of sludge and kernel shells	3,005,892	2,031,903
	16,944,635	2,676,560

7. Finance costs

	Group 2014 Rp'000	Group 2013 Rp'000
Interest expenses		
- bank borrowings	-	453,728
- finance leases	-	4,746
	-	458,474

During the previous financial year, the bank borrowings consist of working capital loans which bore interest at 2.95% per annum. The bank borrowings were fully repaid as at the end of the previous financial year.

During the previous financial year, the effective interest rate charged on the finance lease payables was 5.25%. The finance lease payables were fully repaid as at the end of the previous financial year.

8. Profit before income tax

The above is arrived at after charging:

	Group	
	2014	**2013**
	Rp'000	**Rp'000**
Distribution expenses		
Claims for sales	946,662	19,969
Freight and stevedoring expenses	1,775,206	1,612,679
Administrative expenses		
Bank charges	49,341	51,066
Depreciation of property, plant and equipment	1,314,834	1,570,735
Employee benefits expense (1)		
- Salaries, wages and bonuses	20,688,969	18,210,124
- Post-employment benefits	5,453,666	3,472,190
Audit fees:		
- Auditors of the Company	741,474	471,858
- Other auditors (2)	286,000	273,000
Non-audit fees:		
- Auditors of the Company	-	-
- Other auditors (2)	-	-
Operating lease expense - office premises	1,382,187	1,146,953
Professional fees	2,342,921	2,383,527
Entertainment expenses	568,676	913,589
Transportation, travelling and accommodation expenses	1,134,170	816,197
Other expenses		
Loss on disposal of property, plant and equipment	-	126,518
Foreign exchange loss, net	-	7,796,986

(1) Employee benefits expense includes key management personnel remuneration as disclosed in Note 28 to the financial statements.

(2) Other auditors refer to a member firm of BDO International Limited.

9. Income tax expense

	Group	
	2014	2013
	Rp'000	Rp'000
<u>Income tax recognised in profit or loss</u>		
Current income tax		
- current financial year	(28,154,297)	(14,966,432)
- over provision in prior financial years	77,604	159,991
- withholding tax on interest and dividend income	(3,434,422)	(5,752,150)
	(31,511,115)	(20,558,591)
Deferred income tax		
- current financial year	256,428	5,473,175
Total income tax expense recognised in profit or loss	(31,254,687)	(15,085,416)

Reconciliation of effective tax rate

Domestic income tax is calculated at 25% (2013: 25%) of the estimated assessable profit for the financial year. 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 domestic income tax rate of 25% (2013: 25%) to profit before income tax as a result of the following differences:

	Group	
	2014	2013
	Rp'000	Rp'000
Profit before income tax	106,920,825	28,606,743
Income tax calculated at statutory income tax rate of 25% (2013: 25%)	26,730,206	7,151,686
Tax effect of income not subject to tax	(3,031,171)	(4,318,547)
Tax effect of expenses not deductible	10,131,466	6,300,828
Tax effect of tax-exempt income	(242,793)	(214,956)
Over provision in prior financial years	(77,604)	(159,991)
Withholding tax on interest and dividend income	3,434,422	5,752,150
Effect of different income tax rate of entities operating in other jurisdiction	(5,442,440)	915,879
Tax rebate	(276,507)	(305,665)
Others	29,108	(35,968)
	31,254,687	15,085,416

9. Income tax expense (Continued)

Income tax recognised in other comprehensive income

	Group					
	2014			2013		
	Rp'000 Before tax	Rp'000 Tax credit	Rp'000 Net of tax	Rp'000 Before tax	Rp'000 Tax expense	Rp'000 Net of tax
Remeasurement of post-employment benefits	(2,707,993)	676,998	(2,030,995)	2,021,435	(505,359)	1,516,076

10. Earnings per share

The calculation for basic earnings per share is based on the profit attributable to owners of the parent for the financial year by the weighted average (2013: actual) number of ordinary shares in issue after share consolidation during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share are equivalent to basic earnings per share.

	Group	
	2014 (Restated)	2013 (Restated)
The calculation of basic and diluted earnings per share is based on:		
Profit for the financial year attributable to owners of the parent (Rp'000)	71,973,904	11,975,631
Weighted average (2013: actual) number of ordinary shares after share consolidation ('000)	205,639	206,484

11. Biological assets

	Group	
	2014 Rp'000	2013 Rp'000
At fair value		
Balance as at the beginning of the financial year	653,185,280	677,144,369
Additions	10,995,315	9,363,285
Disposal	(4,221,663)	(727,872)
Changes in fair value less estimated point-of-sale costs	(22,014,331)	(32,594,502)
Balance as at the end of the financial year	637,944,601	653,185,280

11. Biological assets (Continued)

(a) Analysis of biological assets

At the end of the financial year, the Group's biological assets comprised oil palm trees, which range from newly established plantations to plantations that are 25 years old.

	Group			
	2014		2013	
	Hectares	**Rp'000**	**Hectares**	**Rp'000**
Planted area:				
- Mature	9,894	619,300,000	9,100	606,500,000
- Immature	481	17,853,297	1,303	45,763,768
Nurseries	-	791,304	-	921,512
	10,375	637,944,601	10,403	653,185,280

(b) Analysis of palm oil produces

During the financial year, the Group harvested approximately 154,201 (2013: 138,580) tonnes of fresh palm fruit bunches, which had a fair value less estimated point-of-sale costs of approximately Rp253,669,897,000 (2013: Rp207,731,420,000). The fair value of fresh palm fruit bunches was determined with reference to their market prices.

Mature oil palm trees produce fresh fruit bunch ("FFB"), which are used to produce crude palm oil ("CPO") and palm kernels ("PK"). The fair value of mature oil palm plantations was determined by an independent valuer having appropriate recognised professional qualification using the discounted cash flows of the underlying plantations. The expected future cash flows of mature oil palm plantations were determined using the projected selling prices of crude palm oil and palm kernels in the market.

Significant assumptions made in determining the fair values of the mature oil palm plantations are as follows:

(i) no new planting or re-planting activities are assumed;

(ii) oil palm trees have an average life that ranges from 23 to 25 years, with the first 3 years as immature and the remaining years as mature;

(iii) the discount rate used for the Group's plantation operations which is applied in the discounted cash flows calculation is 13.88% (2013: 13.36%); and

(iv) the projected selling prices of FFB for the financial years ended 31 December 2014 and 31 December 2013 are calculated based on CPO and PK prices issued by Loco Province of Kalimantan Barat, multiplied by their respective extraction rate issued by Loco Province of Kalimantan Barat.

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

12. 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 1.1.2014	62,430,912	67,436,133	57,849,356	2,735,636	293,827	190,745,864
Additions	643,367	3,152,420	2,709,652	192,786	5,826,242	12,524,467
Disposals	-	-	(1,311,568)	(1,000)	-	(1,312,568)
Write off	-	-	-	(32,978)	-	(32,978)
Reclassification	2,699,924	-	-	-	(2,699,924)	-
Currency translation differences	-	-	(36,016)	(31,398)	-	(67,414)
Balance as at 31.12.2014	65,774,203	70,588,553	59,211,424	2,863,046	3,420,145	201,857,371
Accumulated depreciation						
Balance as at 1.1.2014	16,787,417	24,343,696	28,323,558	2,058,967	-	71,513,638
Depreciation for the financial year	2,595,607	2,777,660	5,035,311	113,500	-	10,522,078
Disposals	-	-	(1,174,659)	(199)	-	(1,174,858)
Write off	-	-	-	(32,978)	-	(32,978)
Currency translation differences	-	-	(22,020)	(31,324)	-	(53,344)
Balance as at 31.12.2014	19,383,024	27,121,356	32,162,190	2,107,966	-	80,774,536
Carrying amount						
Balance as at 31.12.2014	46,391,179	43,467,197	27,049,234	755,080	3,420,145	121,082,835

12. Property, plant and equipment (Continued)

	Buildings and infrastructure	Machinery and equipment	Transportation equipment and motor vehicles	Office equipment	Construction-in-progress	Total
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Group						
Cost						
Balance as at 1.1.2013	51,890,573	67,820,718	51,523,760	3,012,290	3,126,961	177,374,302
Additions	1,023,411	427,806	7,262,738	97,160	6,683,794	15,494,909
Disposals	-	(812,391)	(1,238,189)	(636,262)	-	(2,686,842)
Reclassification	9,516,928	-	-	-	(9,516,928)	-
Currency translation differences	-	-	301,047	262,448	-	563,495
Balance as at 31.12.2013	62,430,912	67,436,133	57,849,356	2,735,636	293,827	190,745,864
Accumulated depreciation						
Balance as at 1.1.2013	14,422,855	21,982,535	24,254,225	2,026,394	-	62,686,009
Depreciation for the financial year	2,364,562	2,715,905	4,846,632	420,986	-	10,348,085
Disposals	-	(354,744)	(964,549)	(636,262)	-	(1,955,555)
Currency translation differences	-	-	187,250	247,849	-	435,099
Balance as at 31.12.2013	16,787,417	24,343,696	28,323,558	2,058,967	-	71,513,638
Carrying amount						
Balance as at 31.12.2013	45,643,495	43,092,437	29,525,798	676,669	293,827	119,232,226

12. Property, plant and equipment (Continued)

	Office equipment Rp'000	Motor vehicles Rp'000	Total Rp'000
Company			
Cost			
Balance as at 1.1.2014	1,468,353	1,684,311	3,152,664
Additions	151,697	-	151,697
Write off	(32,978)	-	(32,978)
Currency translation differences	(31,398)	(36,017)	(67,415)
Balance as at 31.12.2014	1,555,674	1,648,294	3,203,968
Accumulated depreciation			
Balance as at 1.1.2014	1,468,353	1,122,874	2,591,227
Depreciation for the financial year	12,303	327,667	339,970
Write off	(32,978)	-	(32,978)
Currency translation differences	(31,323)	(22,020)	(53,343)
Balance as at 31.12.2014	1,416,355	1,428,521	2,844,876
Carrying amount			
Balance as at 31.12.2014	139,319	219,773	359,092
Cost			
Balance as at 1.1.2013	1,205,905	1,383,264	2,589,169
Currency translation differences	262,448	301,047	563,495
Balance as at 31.12.2013	1,468,353	1,684,311	3,152,664
Accumulated depreciation			
Balance as at 1.1.2013	905,564	645,523	1,551,087
Depreciation for the financial year	314,940	290,100	605,040
Currency translation differences	247,849	187,251	435,100
Balance as at 31.12.2013	1,468,353	1,122,874	2,591,227
Carrying amount			
Balance as at 31.12.2013	-	561,437	561,437

13. Investments in subsidiaries

	Company 2014 Rp'000	Company 2013 Rp'000
Unquoted equity shares in corporations, at cost		
Balance as at the beginning of the financial year	555,375,799	456,110,059
Currency translation differences	(11,875,871)	99,265,740
Balance as at the end of the financial year	543,499,928	555,375,799

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	
		2014	2013	2014	2013
		%	%	%	%
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	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

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited
(2) Not required to be audited
(3) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited

13. Investments in subsidiaries (Continued)

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	
	2014	**2013**
	Rp'000	**Rp'000**
Revenue	428,255,788	343,523,824
Profit before income tax	101,068,272	40,161,066
Income tax expense	(27,223,575)	(9,247,149)
Profit for the financial year	73,844,697	30,913,917
Profit allocated to NCI	3,692,234	1,545,696
Other comprehensive income allocated to NCI	(101,550)	75,804
Total comprehensive income allocated to NCI	3,590,684	1,621,500
Dividend to NCI	1,653,750	2,925,200
Cash flows from operating activities	94,291,412	154,174,745
Cash flows used in investing activities	(27,447,392)	(24,253,425)
Cash flows used in financing activities	(10,720,750)	(106,771,867)
Net cash inflows	56,123,270	23,149,453
Assets:		
Current assets	416,825,864	359,457,696
Non-current assets	767,330,723	776,223,131
Liabilities:		
Current liabilities	354,623,254	351,251,493
Non-current liabilities	159,384,064	153,018,767
Net assets	670,149,269	631,410,567
Accumulated non-controlling interests	33,507,463	31,570,529

14. Operating use rights

	Group	
	2014	2013
	Rp'000	Rp'000
Cost		
Balance as at the beginning and the end of the financial year	1,400,873	1,400,873
Accumulated amortisation		
Balance as at the beginning of the financial year	662,310	618,150
Amortisation for the financial year	44,160	44,160
Balance as at the end of the financial year	706,470	662,310
Carrying amount		
Balance as at the end of the financial year	694,403	738,563

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

	Group	
	2014	2013
	Years	Years
Remaining amortisation period	15	16

15. Club memberships

	Group and Company	
	2014	2013
	Rp'000	Rp'000
Club memberships, at cost	888,112	888,112
Currency translation differences	308,496	334,643
	1,196,608	1,222,755

Club memberships comprise memberships for golf clubs in Singapore. As the club memberships do not have quoted market prices in an active market and there are no other available methods to reliably estimate the fair values, it is not practicable to determine the fair values of the club memberships with sufficient reliability. However, the Directors of the Company anticipate that the carrying amounts of club memberships approximate their fair values.

16. 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 once the land rights are legally and successfully obtained.

17. Inventories

	Group	
	2014	2013
	Rp'000	Rp'000
Finished goods	12,223,647	15,552,120
Production supplies	13,747,087	15,035,503
	25,970,734	30,587,623

18. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	Rp'000	Rp'000	Rp'000	Rp'000
Trade receivables – third parties	3,532,505	3,701,324	-	-
Other receivables				
- subsidiaries	-	-	3,007,779	4,429,018
- related parties	84,768	-	-	-
- third parties	20,201,277	14,646,747	33,285	28,801
- loans to a subsidiary	-	-	356,609,106	377,929,841
	20,286,045	14,646,747	359,650,170	382,387,660
Refundable deposits	2,542,354	405,604	2,376,067	239,310
	26,360,904	18,753,675	362,026,237	382,626,970

Trade receivables are unsecured, non-interest bearing and generally on 30 (2013: 30) days' credit terms.

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

The Group's other receivables as at 31 December 2014 and 31 December 2013 comprise mainly receivable from a third party for the Group's transfer of certain portion of matured plantation in accordance to the Plasma programme and such receivable will be offset against future purchases from this third party.

The Company's loans to a subsidiary are unsecured, repayable on demand and earns interest at 0.5% (2013: 0.5%) above SIBOR per annum.

18. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**
Indonesian rupiah	23,951,265	18,485,270	100,161,627	115,559,665
Singapore dollar	2,409,639	268,405	261,864,610	267,067,305
	26,360,904	18,753,675	362,026,237	382,626,970

19. Financial assets at fair value through profit or loss

	Group	
	2014	**2013**
	Rp'000	**Rp'000**
Balance as at the beginning of the financial year	258,300	311,850
Changes in fair value during the financial year (Note 6)	(131,670)	(53,550)
Balance as at the end of the financial year	126,630	258,300
Comprising:		
Held for trading		
Listed securities:		
Equity securities - Indonesia	126,630	258,300

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.

20. Cash and cash equivalents

	Group		Company	
	2014	**2013**	**2014**	**2013**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**
Cash and bank balances	52,302,494	200,380,411	2,027,365	2,709,839
Fixed deposits with banks	360,419,635	154,099,237	41,873,481	42,532,237
	412,722,129	354,479,648	43,900,846	45,242,076

Fixed deposits mature on varying dates ranging between 5 days to 82 days (2013: 6 days to 27 days) from the end of the financial year. The effective interest rates on the fixed deposits range from 0.57% to 10.5% (2013: 0.57% to 9.5%) per annum.

20. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	160,000,859	107,003,452	-	-
Singapore dollar	46,979,125	209,221,605	43,900,846	45,242,076
United States dollar	205,742,145	38,254,591	-	-
	412,722,129	354,479,648	43,900,846	45,242,076

21. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	Rp'000	Rp'000	Rp'000	Rp'000
Trade payables				
- related parties	261,462	478,828	-	-
- third parties	15,493,116	18,112,818	-	-
	15,754,578	18,591,646	-	-
Other payables				
- third parties	2,628,285	2,238,731	-	-
Value added taxes	1,966,609	3,840,650	-	-
Other taxes payable	4,261,833	7,002,897	-	-
Accrued operating expenses	8,107,091	8,132,791	1,056,774	1,048,300
Advances from customers	13,172,727	15,769,636	-	-
	45,891,123	55,576,351	1,056,774	1,048,300

Trade payables are unsecured, non-interest bearing and are normally settled within 30 (2013: 30) days.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	44,721,282	54,423,587	-	-
Singapore dollar	1,169,841	1,152,764	1,056,774	1,048,300
	45,891,123	55,576,351	1,056,774	1,048,300

22. Provision for post-employment benefits

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 provision for post-employment benefit recognised by the Group as at 31 December 2014 amounted to approximately Rp32,306,575,000 (2013: Rp25,007,853,000). The related expense recognised in the current financial year was approximately Rp5,453,666,000 (2013: Rp3,472,190,000).

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

	2014	**2013**
Discount rate	8.30% per annum	9.00% per annum
Wages and salary growth rate	8% per annum	8% per annum
Mortality rate	TMI 2011	TMI 2011
Retirement age	55 years of age	55 years of age
Method	Projected unit credit	Projected unit credit

Reconciliation of post-employment benefits

	Group	
	2014	**2013**
	Rp'000	**Rp'000**
Balance, representing present value of obligation, as at the beginning of the financial year	25,007,853	23,752,203
Included in profit or loss		
Current service costs	2,043,888	1,626,752
Interest costs	2,287,520	1,490,976
Past service cost	1,122,258	354,462
	5,453,666	3,472,190
Provision utilised during the financial year	(862,937)	(195,105)
Included in other comprehensive income		
Remeasurement of post-employment benefits from:		
- Demographic assumptions	(508,074)	(912,673)
- Financial assumptions	1,745,873	(1,108,762)
- Experience losses	1,470,194	-
	2,707,993	(2,021,435)
Balance, representing present value of obligation, as at the end of the financial year	32,306,575	25,007,853

22. Provision for post-employment benefits (Continued)

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	Defined benefit obligation Decrease Rp'000
2014			
Discount rate	1%	30,022,790	34,947,643
Wages and salary growth rate	1%	35,237,674	29,752,675
Mortality rate	1%	32,308,127	32,305,023
2013			
Discount rate	1%	23,920,166	28,082,134
Wages and salary growth rate	1%	28,350,370	23,667,654
Mortality rate	1%	25,850,075	25,846,644

The average duration of the post-employment benefits at the end of the financial year is 15.54 years (2013: 16.66 years).

23. Deferred tax liabilities

	Group		Company	
	2014	2013	2014	2013
	Rp'000	Rp'000	Rp'000	Rp'000
Balance as at the beginning of the financial year	128,010,915	132,976,302	-	49,957
Credited to profit or loss	(256,428)	(5,473,175)	-	(52,386)
(Credited)/Charged to other comprehensive income	(676,998)	505,359	-	-
Currency translation differences	-	2,429	-	2,429
Balance as at the end of the financial year	127,077,489	128,010,915	-	-

23. Deferred tax liabilities (Continued)

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

	Biological assets	Property, plant and equipment	Operating use rights	Provision for post-employment benefits	Total
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Group					
Balance as at 31.12.2012 and 1.1.2013 (restated)	133,250,521	5,764,013	(100,183)	(5,938,049)	132,976,302
(Credited)/Charged to profit or loss	(6,445,992)	1,802,248	(10,160)	(819,271)	(5,473,175)
Charged to other comprehensive income	-	-	-	505,359	505,359
Currency translation differences	-	2,429	-	-	2,429
Balance as at 31.12.2013 and 1.1.2014	126,804,529	7,568,690	(110,343)	(6,251,961)	128,010,915
(Credited)/Charged to profit or loss	(4,180,664)	5,261,773	(189,854)	(1,147,683)	(256,428)
Credited to other comprehensive income	-	-	-	(676,998)	(676,998)
Balance as at 31.12.2014	122,623,865	12,830,463	(300,197)	(8,076,642)	127,077,489

The Group has recognised withholding tax of Rp3,434,422,000 (2013: Rp5,752,150,000) relating to the dividends received from a subsidiary during the financial year. Temporary differences on the remaining undistributed earnings for which no withholding tax liability has been recognised amounted to approximately Rp635,149,268,000 (2013: Rp596,410,567,000) as the Group does not expect to distribute such earnings in the foreseeable future. Such withholding tax liability is estimated to be Rp63,514,927,000 (2013: Rp59,641,057,000).

	Property, plant and equipment
	Rp'000
Company	
Balance as at 31.12.2012 and 1.1.2013	49,957
Credited to profit or loss	(52,386)
Currency translation differences	2,429
Balance as at 31.12.2013 and 31.12.2014	-

24. Share capital

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares			
	'000	'000	Rp'000	Rp'000
<u>Issued and paid up</u>				
Balance as at the beginning of the financial year	412,968	412,968	681,817,047	681,817,047
Shares re-acquired and held as treasury shares	(3,510)	-	(7,254,125)	-
Balance as at the end of the financial year	409,458	412,968	674,562,922	681,817,047

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.

Treasury shares

Treasury shares relate to ordinary shares of the Company that were re-acquired and held by the Company. The Company acquired 3,510,000 (2013: Nil) of its ordinary shares in the open market during the financial year. The total amount paid to acquire these shares was Rp7,254,125,000 (2013: Nil) and this was presented as a component within shareholders' equity.

25. Foreign currency translation reserve

Foreign currency translation reserve comprises all 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.

26. Dividend

	Group and Company	
	2014	2013
	Rp'000	Rp'000
Final tax-exempt dividend of S$0.004 (approximately Rp36.7) [2013: S$0.004 (approximately Rp31.6)] per ordinary share in respect of financial year ended 31 December 2013 (2013: 31 December 2012)	15,154,789	13,053,456

The Board of Directors of the Company recommend a final tax-exempt dividend of S$0.007 per ordinary share amounting to S$2,856,171 (approximately Rp28,001,675,000) to be paid in respect of the current financial year. This final dividend has not been recognised as a liability at the end of the current financial year as it is subject to approval at the Annual General Meeting of the Company on 23 April 2015. Such final dividend has been approved on 23 April 2015 and paid on 15 May 2015.

The Board of Directors of the Company recommend a final tax-exempt dividend of S$0.004 per ordinary share on the number of shares outstanding as at the book closure date to be paid in respect of the next financial year ended 31 December 2015. This final dividend has not been recognised as a liability at the end of the current financial year as it is subject to approval at the Annual General Meeting of the Company for the next financial year ended 31 December 2015. The book closure date will be determined upon approval of the dividend at such Annual General Meeting of the Company.

27. Commitments

27.1 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 and Company	
	2014	**2013**
	Rp'000	**Rp'000**
Property, plant and equipment	4,192,487	5,187,566

27.2 Operating lease commitments

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office premises are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**
Future minimum lease payments payable:				
Not later than one year	1,043,167	1,033,866	923,167	945,187
Later than one year and not later than five years	717,087	1,594,876	717,087	1,594,876
	1,760,254	2,628,742	1,640,254	2,540,063

Leases initially run for an initial period of 1 to 3 years, with an option to renew for another 2 years, with no contingent rentals payments.

27.3 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	
	2014	**2013**
	Rp'000	**Rp'000**
Sales	14,636,364	22,496,818

28. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

28. Significant related party transactions (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a); or
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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	
	2014	**2013**
	Rp'000	**Rp'000**
Related parties		
Purchase of spare parts from related parties	226,933	200,850
Transportation charged by related parties	4,559,724	4,843,835
Purchase of property, plant and equipment from related parties	410,248	-
Rental of premises charged by related parties	432,599	395,215
Dividend to non-controlling interest	1,653,750	2,925,000

Related parties transactions are with entities, of which Mr. Tan Hong Kiat @ Suparno Adijanto, director of the Company, has beneficial interests.

Key management personnel remuneration

The remuneration of the Directors of the Company and other key management of the Group for the financial years ended 31 December 2014 and 2013 were as follows:

	Group	
	2014	**2013**
	Rp'000	**Rp'000**
Short-term benefits	9,023,412	7,372,641
Analysed into:		
Directors of the Company	5,185,127	3,842,560
Directors of the subsidiary	1,374,413	1,279,840
Other key management personnel	2,463,872	2,250,241
	9,023,412	7,372,641
Directors' fees	1,743,090	1,636,758

29. 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.

30. Financial instruments and financial risks

30.1 Financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	Rp'000	Rp'000	Rp'000	Rp'000
Financial assets				
Trade and other receivables	26,360,904	18,753,675	362,026,237	382,626,970
Cash and cash equivalents	412,722,129	354,479,648	43,900,846	45,242,076
Dividend receivable	-	-	46,232,750	22,000,000
Loans and receivables	439,083,033	373,233,323	452,159,833	449,869,046
Financial assets at fair value through profit or loss	126,630	258,300	-	-
	439,209,663	373,491,623	452,159,833	449,869,046
Financial liabilities				
Trade and other payables*	26,489,954	28,963,168	1,056,774	1,048,300
Dividend payable to non-controlling interest	1,405,688	4,186,250	-	-
Other financial liabilities at amortised cost	27,895,642	33,149,418	1,056,774	1,048,300

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

30.2 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. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

30. Financial instruments and financial risks (Continued)

30.2 Financial risks (Continued)

(a) Credit risks (Continued)

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 and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group has no significant concentration of credit risk, except for the other receivable from a third party amounting to approximately Rp18,675,770,000 (2013: Rp12,737,154,000) which represented 70.8% (2013: 67.9%) of total trade and other receivables.

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries amounting to approximately Rp359,616,885,000 (2013: Rp382,358,859,000) which represented 99.3% (2013: 99.9%) of total trade and other receivables, and dividend receivable amounting to Rp46,232,750,000 (2013: Rp22,000,000,000).

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk were represented by the carrying amount of the financial assets on the statements of financial position.

The Group's and the Company's major classes of financial assets are financial assets at fair value through profit or loss, cash and cash equivalents, trade and other receivables and dividend receivable. These financial assets are neither past due nor impaired at the end of the financial year.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade receivables that are neither past due nor impaired are substantially entities with good payment track record with the Group.

(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.

(i) 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") and Indonesian rupiah ("IDR"). The currency that gives rise to this risk of the Company is primarily Indonesian rupiah ("IDR").

30. Financial instruments and financial risks (continued)

30.2 Financial risks (Continued)

(b) Market risks (Continued)

(i) Foreign currency risks (Continued)

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

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	USD	IDR	Total
	Rp'000	Rp'000	Rp'000	Rp'000
Group				
2014				
Total financial assets	309,058,482	205,742,145	359,485,248	874,285,875
Total financial liabilities	(260,839,559)	-	(201,029,906)	(461,869,465)
Net financial assets	48,218,923	205,742,145	158,455,342	412,416,410
Less:				
Net financial assets denominated in the respective entities' functional currencies	(304,708,682)	-	(12,060,965)	(316,769,647)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	(256,489,759)	205,742,145	146,394,377	95,646,763
2013				
Total financial assets	476,462,166	38,254,591	270,574,178	785,290,935
Total financial liabilities	(268,124,921)	-	(176,823,809)	(444,948,730)
Net financial assets	208,337,245	38,254,591	93,750,369	340,342,205
(Less)/Add:				
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(311,261,081)	-	43,809,296	(267,451,785)
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(102,923,836)	38,254,591	137,559,665	72,890,420

30. Financial instruments and financial risks (Continued)

30.2 Financial risks (Continued)

(b) Market risks (Continued)

(i) Foreign currency risks (Continued)

The Company's currency exposure based on the information provided to key management is as follows:

	IDR Rp'000
Company	
2014	
Total financial assets	146,394,377
Total financial liabilities	-
Net currency exposure of financial assets	146,394,377
2013	
Total financial assets	137,559,665
Total financial liabilities	-
Net currency exposure of financial assets	137,559,665

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2013: 8%) change in Singapore dollar, United States dollar and Indonesian rupiah against the Group entities' respective functional currency and the Company's sensitivity to a 5% (2013: 8%) change in Indonesian rupiah against the Company's functional currency (Singapore dollar). The sensitivity analysis assumes an instantaneous 5% (2013: 8%) 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 and Indonesian rupiah are included in the analysis.

30. Financial instruments and financial risks (continued)

30.2 Financial risks (Continued)

(b) Market risks (Continued)

(i) Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) profit or loss	
	2014	**2013**
Group	**Rp'000**	**Rp'000**
Singapore dollar		
Strengthened against Indonesian rupiah	(12,824,488)	(8,233,907)
Weakened against Indonesian rupiah	12,824,488	8,233,907
United States dollar		
Strengthened against Indonesian rupiah	10,287,107	3,060,367
Weakened against Indonesian rupiah	(10,287,107)	(3,060,367)
Indonesian rupiah		
Strengthened against Singapore dollar	7,319,719	11,004,773
Weakened against Singapore dollar	(7,319,719)	(11,004,773)
Company		
Indonesian rupiah		
Strengthened against Singapore dollar	7,319,719	11,004,773
Weakened against Singapore dollar	(7,319,719)	(11,004,773)

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.

(ii) 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's exposure to market risk for changes in interest rates relates primarily to interest-bearing cash and cash equivalents. 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 fixed deposits.

30. Financial instruments and financial risks (continued)

30.2 Financial risks (Continued)

(b) Market risks (Continued)

(ii) 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 floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole financial year. The sensitivity analysis assumes an instantaneous 5% 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 5%, profit before income tax of the Group, will increase or decrease by:

	Group	
	2014	**2013**
	Rp'000	**Rp'000**
Interest-bearing cash and cash equivalents	439,815	283,709
Bank borrowings	-	22,686
Finance lease payables	-	237
	-	22,923

(iii) 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 and prices for equity securities listed in Indonesia been 15% (2013: 15%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by approximately Rp64,257,363,000 (2013: Rp51,567,319,000).

30. Financial instruments and financial risks (Continued)

30.2 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.

	Within one financial year
	Rp'000
Group	
31.12.2014	
Financial liabilities	
Non-interest bearing*	27,895,642
31.12.2013	
Financial liabilities	
Non-interest bearing*	33,149,418

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

	Rp'000
Company	
31.12.2014	
Financial liabilities	
Non-interest bearing	1,056,774
31.12.2013	
Financial liabilities	
Non-interest bearing	1,048,300

31. Fair value of assets and liabilities

The carrying amounts of the Group's and the Company's 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.

(a) Fair value hierarchy

The Group categorise 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	Level 2	Level 3
Group	**Rp'000**	**Rp'000**	**Rp'000**
2014			
Assets			
Financial assets at fair value through profit or loss	126,630	-	-
Biological assets	-	-	637,944,601
2013			
Assets			
Financial assets at fair value through profit or loss	258,300	-	-
Biological assets	-	-	653,185,280

(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 11.

31. Fair value of assets and liabilities (Continued)

(d) Level 3 fair value measurements (Continued)

(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 FRS 113 *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 2014 Rp'000	Valuation techniques used	Significant unobservable inputs	Quantitative information
Biological assets	637,944,601 (2013: 653,185,280)	Discounted cash flow	Discount rate	13.88% (2013: 13.36%)
			Projected selling price of FFB	Rp1,673/kg (2013: Rp1,456/kg)
			FFB Yield	14.19 tons/Ha (2013: 13.97 tons/Ha)

For biological assets, a significant increase (decrease) in discount rate would result in a significantly lower (higher) fair value. Changes in projected selling price and yield of FFB will result in directionally similar changes in fair value.

32. 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 comprise the share capital and accumulated 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 2014 and 2013.

33. Comparative figures

The consolidated statement of cash flows of the Group has been restated to reclassify foreign currency translation differences relating to the translation of the Company's transactions in non-Rp functional currency to Group's presentation currency ("Rp") accordingly to the relevant cash and cash equivalents, working capital items and financing activities.

The following comparative figures for the consolidated statement of cash flows of the Group for the previous financial year ended 31 December 2013 have been restated as a result of the above restatement.

	Group	
	2013	2013
	(As restated)	(As previously reported)
Consolidated Statement of Cash Flows	**Rp'000**	**Rp'000**
Cash flows from operating activities		
Adjustments for:		
Unrealised foreign exchange loss, net	-	51,014,768
Unrealised currency translation gain	(2,126,776)	-
Operating cash flows before working capital changes	67,205,053	120,346,597
Working capital changes:		
Trade and other receivables	(17,365,456)	991,046
Prepayments	113,576	41,176
Trade and other payables	23,007,965	1,857,077
Cash generated from operations	94,144,066	144,418,824
Interest received	5,669,427	5,664,499
Income tax paid	(21,991,522)	(21,905,619)
Net cash from operating activities	77,368,243	127,723,976

33. Comparative figures (Continued)

	Group	
	(As restated)	(As previously reported)
	2013	2013
Consolidated Statement of Cash Flows	**Rp'000**	**Rp'000**
Cash flows from financing activities		
Repayments of bank borrowings	(29,787,000)	(36,567,000)
Net cash used in financing activities	(43,314,073)	(50,094,073)
Net change in cash and cash equivalents	9,800,745	53,376,478
Effects of currency translation on cash and cash equivalents	52,263,056	8,687,323

34. Amendments made to the previously issued financial statements

Fair value hierarchy of biological assets

As prompted by ACRA's Financial Reporting Surveillance Programme, the management has re-assessed the fair value hierarchy of the Group's biological assets. Based on management's re-assessment, the resulting fair values of the Group's biological assets are considered level 3 recurring fair value measurements, instead of level 2 recurring fair value measurements (as disclosed in the previously issued financial statements for the financial year ended 31 December 2014). Consequently, the additional required disclosures when the fair value of the biological assets were classified as level 3 were made in Note 31(d) to the financial statements.

35. Subsequent events

(a) Treasury shares

With reference to the shares re-acquired and held as treasury shares as disclosed in Note 24 to the financial statements, subsequent to the financial year ended 31 December 2014 and until the date of these financial statements, the Company has acquired 3,153,200 of its ordinary shares in the open market (equivalent to 1,993,700 shares after share consolidation) and the total amount paid to acquire these shares was Rp5,970,546,000.

(b) Share consolidation

On 8 December 2015, the Company has completed its share consolidation to meet the minimum trading price requirement, as required by the Monetary Authority of Singapore and the Singapore Exchange Securities Trading Limited, and every two existing issued ordinary shares registered in the name of each shareholder has been consolidated to constitute one Consolidated Share. The number of ordinary shares used for the calculation of earnings per share for 2014 and 2013 had been adjusted for the effect of the share consolidation, as presented in Note 10 to the financial statements.

(c) Significant decrease in CPO price and resultant decline in fair value of biological assets

During the financial year ended 31 December 2015, the price of CPO has declined significantly, followed by a decrease in the price of FFB. Consequently, the fair value of the mature oil palm plantations as at 31 December 2015 has declined significantly and a net loss from changes in fair value of biological assets which amounted to Rp185,223,062,000 was recorded during the financial year ended 31 December 2015. The carrying amount of the biological assets as at 31 December 2015 was Rp429,061,675,000.