Global Palm resources

ADVANCING FORWARD

Annual Report 2019

CONTENTS

ABOUT OUR LOGO

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

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

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

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

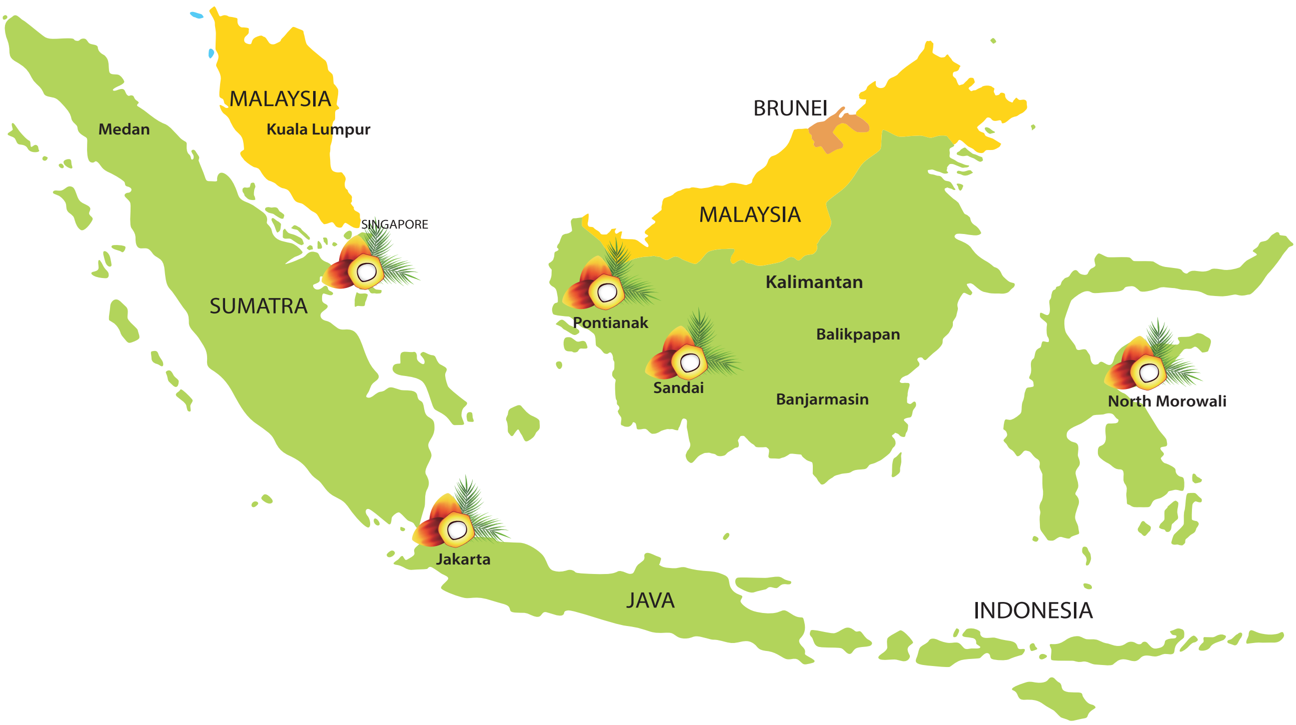
To whom much is given, much is required. We aim to be responsible with all that has been entrusted to us. We see ourselves as stewards of these articles, and believe that it is our duty to act on them in an excellent, responsible and sustainable way; producing maximum fruit.

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

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

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

CORPORATE PROFILE



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

Global Palm Resource's plantation and mill is strategically located in West Kalimantan, a region where the climatic conditions are highly suitable for oil palm cultivation. Since its founding in 1991, it has a total land bank of 33,871 hectares ("ha") of which about 26.5% is under cultivation. As at 31 December 2019, approximately 70.4% of the Group's oil palms are in mature production stage.

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

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

Overview of Global Palm Resources as at 31 December 2019

West Kalimantan, Indonesia
Location of our plantation and mill, where the climatic conditions are highly suitable for oil palm cultivation

33,871 ha
Size of our plantation, 26.5% of which is under cultivation. We have a total area of 24,889 ha available for future cultivation.

70.4%
Percentage of our oil palms which are in mature production stage

13.0 tonnes / ha
Yield of our plantation, which is expected to increase to 26 tonnes / ha with our current replanting efforts

60 tonnes / hour
Processing capacity of our mill

22.1%
CPO extraction rate

4.3%
Palm Kernel extraction rate

CORPORATE MILESTONES

1991
Commenced palm oil business in West Kalimantan

1992
Set up our first plantation nursery

1993
Received *Hak Guna Usaha* (land right) for 5,477 ha for palm oil cultivation in October; and cultivated our first batch of oil palms over an area of 1,600 ha in September

1994
Received *Hak Guna Usaha* for another 10,602 ha of land

1996
Entered Cooperation Agreements under the Plasma Programme; and achieved bulk of planting by 1996 which amounted to approximately 7,000 ha collectively

1997
Completed mill with FFB processing capacity of 40 tonnes per hour in September and subsequently recorded our first CPO sale in October

2000
Entered Cooperation Agreements under the Plasma Programme

2007
Between 1997 and 2007, an additional 3,296 ha of land was cultivated

2008
Increased FFB processing capacity to 60 tonnes per hour in February

2010
Successfully listed on the Main Board of the Singapore Exchange in April; and became a member of the Roundtable of Sustainable Palm Oil in May

2011
Added 951 ha of new plantings in 2011; increasing its total planted area to 13,180 ha as at 31 December

2012
Obtained a land location permit for 7,170 ha of land in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan, Indonesia. The permit was issued by the provincial government of East Kalimantan and is valid for two years with effect from 21 March 2012

2013
Obtained Environmental Impact Assessment (AMBAL) approval for the 7,170 ha of land in Muara Lesan Village and Lesan Dayak Village both located in Berau Regency, East Kalimantan, Indonesia

2014
Obtained a land location permit for 6,546 ha of land in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan, Indonesia. The permit was issued by the Regency Government of West Kalimantan and is valid for three years with effect from 16 December 2014

2016
Increased our total planted area to 9,126 ha (exclude Plasma) and successfully cleared approximately 1,009 ha of our matured plantation of over 24 years for replanting, as at 31 December

2017
Improved our FFB yield to 17.7 tonnes/ha and successfully cleared approximately 619 ha of our matured plantation of over 23 years for replanting, as at 31 December

2019
Successfully completed the acquisition of PT Bumi Raya Agro, which holds a location permit of approximately 10,100 ha of oil palm plantation. The Group replanted 1,231 ha in FY2019

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER	200921345M
BOARD OF DIRECTORS	Dr Tan Hong Kiat @ Suparno Adijanto (Executive Chairman and CEO) Ivan Swandono (Executive Director and Chief Operating Officer) Yee Kit Hong (Lead Independent Director) M. Rajaram (Independent Director) Guok Chin Huat Samuel (Independent Director)
COMPANY SECRETARY	Winston Seow Leong Chuo Ming
REGISTERED OFFICE	105 Cecil Street #24-01 The Octagon Singapore 069534 Tel: (65) 6220 0170 Fax: (65) 6220 4642 Website: www.gprholdings.com
SHARE REGISTRAR	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
INDEPENDENT AUDITORS	BDO LLP Public Accountants and Chartered Accountants 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: William Ng Wee Liang (Appointed since the financial year ended 31 December 2016)
PRINCIPAL BANKERS	PT Bank UOB Indonesia PT Bank CIMB Niaga Tbk Oversea-Chinese Banking Corporation Limited

MESSAGE FROM OUR CHAIRMAN AND CEO

DEAR SHAREHOLDERS,

FY2019 saw a downturn until August when there was a slight uptick in CPO prices. During GAPKI in Bali, the participants are convinced on Indonesia's determination towards the smooth implementation of the B30 mandatory biodiesel program mandate. We saw prices increase by around 45% after the conference from November 2019 to mid-January 2020. However, because of concerns over the COVID-19 virus, prices have since retreated to RM 2,500 per metric ton at the end of February 2020.

This year as well we continue our strategy of replanting. We have replanted an additional 1,231 hectares in FY2019 from 751 hectares in FY2018. We are pleased with the yield and harvest from the trees we have replanted since 2016 and look forward to enjoying the increased yield from the recent replanted trees.

Another highlight of FY2019 is our acquisition on the 18th of June 2019 of the location permit of 10,100 hectares of greenfield in North Morowali in Sulawesi province. Now our landbank has grown to 33,871 hectares compared to 13,245 hectares during time of IPO.

FINANCIAL PERFORMANCE

The Group incurred a net loss attributable to shareholders of Rp38.5 billion (S$3.7 million) for the financial year ended 31 December 2019 ("FY2019"), compared to a net loss attributable to shareholders of Rp7.4 billion (S$0.7 million) for the financial year ended 31 December 2018 ("FY2018").

The Group's revenue for FY2019 decreased Rp76.4 billion (S$7.4 million) or 23%, from Rp338.6 billion (S$31.9 million) in FY2018 to Rp262.2 billion (S$25.4 million) in FY2019, mainly due to the decrease in Crude Palm Oil ("CPO") sales revenue of Rp70.5 billion (S$6.8 million) and decrease in Palm Kernel ("PK") sales revenue of Rp5.9 billion (S$0.6 million). This was mainly due to decrease in CPO sales volume and decrease in CPO and PK average selling prices. This was offset by increase in PK sales volume.

MESSAGE FROM OUR CHAIRMAN AND CEO

Gross profit decreased Rp29.6 billion (S$2.9 million) or 97%, from Rp30.7 billion (S$2.9 million) in FY2018 to Rp1.1 billion (S$0.1 million) in FY2019. Gross profit margin decreased to 0.4% in FY2019, compared to 9.1% in FY2018.

During FY2019, the Group's net cash generated from operating activities was at Rp30.8 billion (S$3.0 million) as compared with a net cash used in operating activities of Rp58.3 billion (S$5.5 million) in the previous year. The Group remains financially stable with cash resources amounting to Rp263.1 billion (S$25.5 million) as at 31 December 2019.

OUTLOOK AND STRATEGY

CPO prices are expected to remain volatile considering the fear and uncertainty in the world economy due to the COVID-19 virus. Nonetheless, increase in demand from the implementation of the B30 mandatory biodiesel policy in Indonesia will lend support to CPO prices.

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

APPRECIATION

We'd like to thank our shareholders for their continued trust and patience in us as we make the necessary improvements for the long-term future.

To our Board of Directors, management team and employees – thank you for your dedication to improving our yield, efficiency, and quality.

To our customers and business partners – we appreciate your unwavering support and trust in us and look forward to many more years of mutually beneficial cooperation.

To all other stakeholders – thank you for your continued support.

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman and CEO

BOARD OF DIRECTORS

BOARD OF DIRECTORS

DR TAN HONG KIAT @ SUPARNO ADIJANTO

Executive Chairman and CEO

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

Present directorships in other listed companies

Nil

Directorships in other listed companies held over the preceding three years

Nil

IVAN SWANDONO

Executive Director and Chief Operating Officer

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

Present directorships in other listed companies

Nil

Directorships in other listed companies held over the preceding three years

Nil

BOARD OF DIRECTORS

YEE KIT HONG

Lead Independent Director

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

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

Present directorships in other listed companies

- Acromec Limited
- Nam Cheong Ltd
- Koon Holdings Limited

Directorships in other listed companies held over the preceding three years

- Yinda Infocomm Ltd

M. RAJARAM

Independent Director

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

Present directorships in other listed companies

- Hiap Seng Engineering Ltd

Directorships in other listed companies held over the preceding three years

Nil

GUOK CHIN HUAT SAMUEL

Independent Director

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

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

Present directorships in other listed companies

- AsiaTravel.Com Holdings Ltd
- RE&S Holdings Ltd
- Redwood Group Limited
- International Cement Group Ltd

Directorships in other listed companies held over the preceding three years

- Bukit Sembawang Estates Limited
- Datapulse Technology Limited

EXECUTIVE OFFICERS

GE LUIYANTO YAMIN

Chief Financial Officer

Mr Luiyanto joined our Group as CFO in January 2008. With over 30 years of experience in finance and accounting work, he oversees the internal control, project management, human resources, strategic planning and advisory-related matters of our Group's Indonesian operations. Mr Luiyanto was the Group Finance Manager of the Bumi Raya Group from 2000 to 2010 and the Finance Director and Corporate Secretary of PT Resource Alam Indonesia Tbk from 2007 to 2010. He also has accumulated extensive experience in finance and accounting from his past appointments, as director of operation in PT Nusadana Investama from 1997 to 1998, as director of finance in PT Jakartabaru Cosmopolitan in 1997, and as director of finance and administration in PT Asia Perintis Contindo from 1993 to 1997. From 1984 to 1993, he held several appointments within the Dharmala Group and subsequently took on the position of assistant financial controller of Dharmala's listed subsidiary PT Dharmala Sakti Sejahtera Tbk. Mr Luiyanto graduated from the Faculty of Economics, University of Indonesia with a Bachelor's degree (Sarjana Ekonomi) in Accounting. He also holds a Master of Science (Administrative Science) from the Faculty of Social and Political Science, University of Indonesia. Mr Luiyanto is a full member of the Institute of Indonesia Chartered Accountants (IAI) and a full member of CPA Australia.

LIM ARDI DHARMA

Head of Project Development

Mr Lim joined our Group in 2008 and is in charge of the identification, planning and execution of the effective development and implementation of projects relating to our Group's growth and expansion. Prior to his current role, Mr Lim joined the Bumi Raya Group in 1991 as a general manager in PT Bumiraya Utama Wood Industries and was responsible for its operations which included liaising with Indonesian governmental authorities for application for various licenses necessary for its business. From 1989 to 1991, Mr Lim was the vice-president of Thai Cane Paper Co Bangkok, where his responsibilities included overseeing the papermill's finance and administrative-related matters. From 1977 to 1989, Mr Lim worked as a branch manager of PT Bir Banjarmasin, a company which held logging concessions. From 1975 to 1976, he had worked as a rice distributor with PT Daya Kapuas Pontianak. Mr Lim graduated from the Secondary Economic School in 1975 where he specialised in book keeping. From 1982 to 1984, Mr Lim studied economics at the Lambung Mangkurat University.

BERLINO MAHENDRA

Head of General Affairs

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

HENDRIK VIRGILIUS

Head of Plantation Estate

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

WONG KIM POH

Financial Controller of Plantation Division

Mr Wong joined our Group in 1996. He is in charge of the finance, accounting and administration of the plantation division. With over 40 years of experience in finance and accounting works, he oversees the implementation of effective internal control systems, operation procedures and budgetary control of the plantation. Mr Wong started his career in 1975 with Kilang Gula Felda Perlis Snd Bhd – a Kuok Group company in Malaysia in the sugar manufacturing and plantation and subsequently held the post of Assistant Accountant. Prior to joining the Group, Mr Wong held several executive appointments and also served as a Licensed Company Secretary under the Registrar of Company of Malaysia to various companies in Malaysia. He holds a Diploma in Management from the Malaysia Institute of Management and Higher Stage Certificate in Accounting and Costing from London Chamber of Commerce and Industry of United Kingdom. He also obtained a certificate in Computer Programing and Information Processing from City and Guilds of London Institute.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

1. BOARD STATEMENT

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

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

Under the guidance and oversight of the Board, our Management works with the Sustainability Committee to identify, manage and monitor material environmental, social and governance ("ESG") factors relevant to our business and our stakeholders.

2. ABOUT THE REPORT

This Sustainability Report seeks to communicate our ESG matters that are most material to us and our stakeholders. This report covers the ESG performance of our plantation, mill and administrative operations in Indonesia and Singapore from 1 January to 31 December 2019. It has been prepared in accordance with Global Reporting Initiative ("GRI") Standards – Core option, which is an internationally-recognised reporting framework that addresses a wide range of sustainability disclosures and encourages balanced reporting of organisations' material matters.

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

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

3. FOCUSING ON WHAT MATTERS MOST TO OUR STAKEHOLDERS

3A. STAKEHOLDER ENGAGEMENT

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

Table 1: Global Palm Resources' approach towards stakeholder engagement

Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Shareholders	• Global Palm Resources' financial health • Global Palm Resources' industry reputation • Global Palm Resources' transparency in reporting ESG matters	• Respond to any queries through our dedicated Investor Relations team • Provide timely and accurate information on website, Annual Report and Sustainability Report in a transparent manner	• Financial briefings • Announcements on SGX • Newsletters and other electronic updates • "Investor Relations" section in our website • Annual Report • Sustainability Report	Quarterly and annually
Customers	• Product quality • Sustainability certifications	• Effective quality control management at mill • Implementation of sustainability policies, with the aim of obtaining Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO") certifications	• Periodic meetings • Industry forums • Focused group discussions	Monthly

SUSTAINABILITY REPORT

Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Regulators	• Land rights • Fire and haze prevention • Employment opportunities • Improvement in standards of living	• Obtain local community's feedback and grievances through dialogues • Plasma programme • Construction of communal and religious facilities • Granting of scholarships • Preference for local hiring	• Regular updates and reporting • On-site inspections • Focus group discussions	Monthly
Local Community	• Occupational health and safety • Welfare for employees and family members living near the plantation • Training and development	• Provide relevant trainings (safety and job specific) • Provide deserving remuneration, welfare and benefits	• Corporate Social Responsibility ("CSR") programmes • Grievance channel • Dialogues with community groups	On-going/ routine
Non-Governmental Organisations ("NGOs")	• Eradication of child and forced labour • Fire and haze prevention • Sustainability certifications (e.g. RSPO and ISPO)	• Implementation of sustainability policies, with the aim of obtaining sustainability certifications • Participation in industry forums and other platforms to address any concerns that the NGOs may have	• Industry forums • Website • Annual Report • Sustainability Report	Annually
Employees	• Occupational health and safety • Welfare for employees and family members living near the plantation • Training and development	• Provide relevant trainings (safety and job specific) • Provide fair and appropriate remuneration, welfare and benefits	• Trainings • Trade union meetings • Whistleblowing/grievance channel	On-going/ routine
Contractors and suppliers (including plasma farmers)	• Business opportunities • Learning sustainable agricultural practices from Global Palm Resources	• Conduct fair suppliers' screening process • Provide sustainable agricultural management trainings to plasma farmers	• Supplier screening • Visits to suppliers' plantation • Periodic meetings	On-going/ routine

SUSTAINABILITY REPORT

3B. MATERIALITY ASSESSMENT

It is important for us to determine our material ESG matters so as to focus on specific areas of stakeholders' interest. This would help to grow our business and align future sustainability efforts. To that end, we conducted a materiality assessment in 2019 through a three-step process as elaborated below.

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

Step 1: Identification

We identified a list of potential ESG matters by:

i. Reviewing material ESG matters reported by other industry players, to consider the sustainability context of the palm oil industry

ii. Interviewing Global Palm Resources' management, to understand the business environment, future plans and sustainability concerns

Step 2: Prioritisation

The ESG matters identified in Step 1 were then refined and prioritised through an anonymous voting exercise by Global Palm Resources' key representatives. The materiality of each matter was determined on the basis of:

i. Alignment to Global Palm Resources' purpose, core values and business strategy

ii. Impact of each matter to Global Palm Resources' business continuity

iii. Impact of each matter to internal and external stakeholders

Step 3: Validation

The result of the assessment was presented to the Board for discussion and approval

SUSTAINABILITY REPORT

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

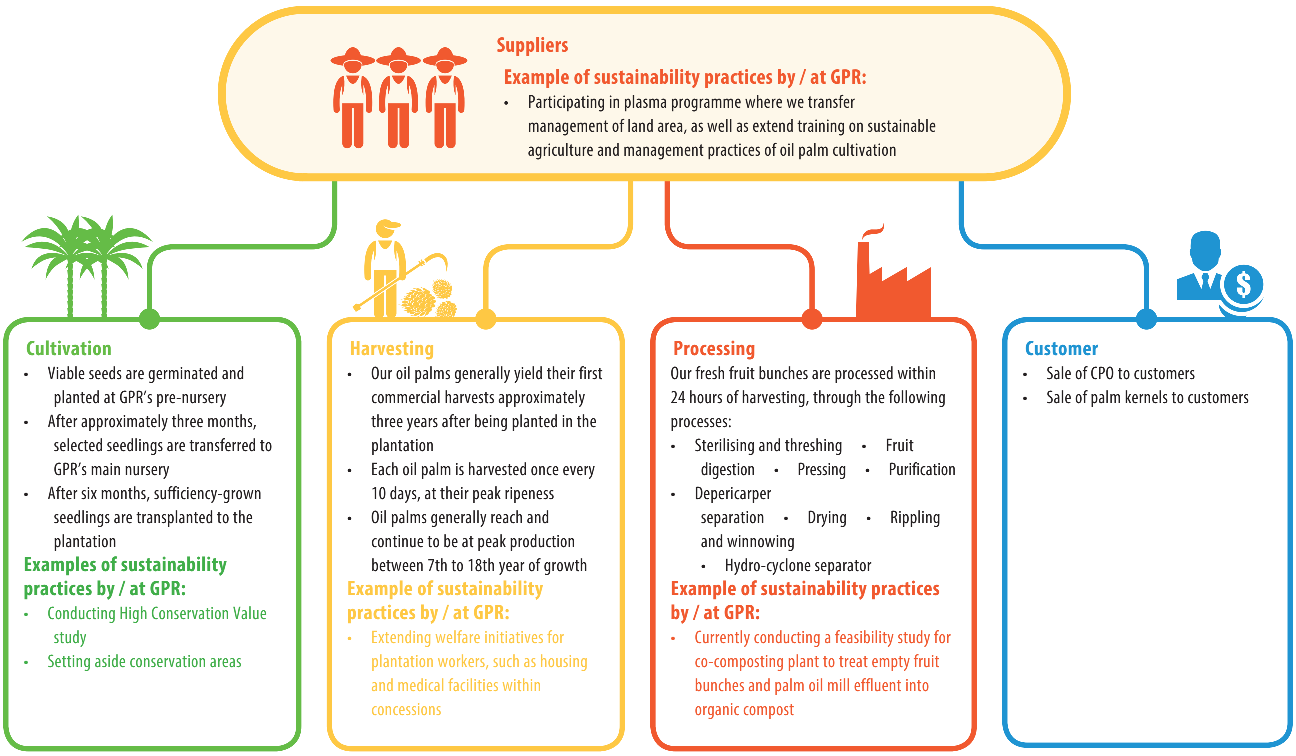
Figure 2: Global Palm Resources' materiality matrix

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

3C. SUSTAINABILITY IN OUR VALUE CHAIN

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

Figure 3: Global Palm Resources' value chain



SUSTAINABILITY REPORT

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

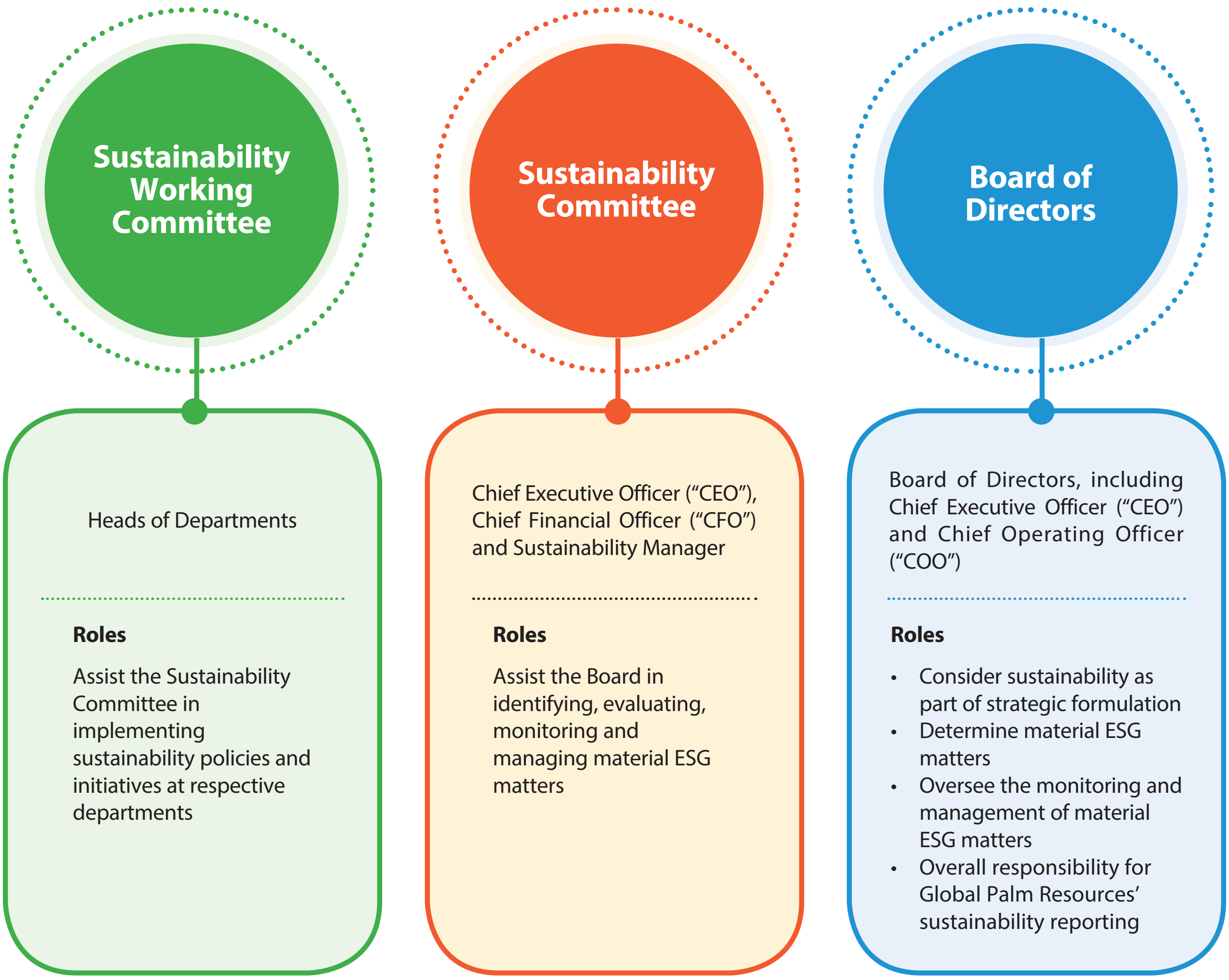
Material matters	Cultivation	Harvesting	Suppliers	Processing
Forced labour and child labour	●	●		●
Relationship with communities, indigenous people and plasma farmers	●	●	●	●
Conservation	●	●		
Waste management		●		●
Fire and haze	●	●		
Succession planning	●	●		●

3D. OVERVIEW OF SUSTAINABILITY MANAGEMENT AT GLOBAL PALM RESOURCES

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

SUSTAINABILITY REPORT

Figure 5: Sustainability governance structure at Global Palm Resources



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

SUSTAINABILITY REPORT

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

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

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

Figure 6: Snapshot of Global Palm Resources' sustainability performance

Conservation area of
16.49 km²
Including endangered species on IUCN Red List in our High Conservation Value ("HCV") areas

16 Management Personnel
Attended fire prevention trainings in 2019 as part of Global Palm Resources' "Zero Burning" policy

Scholarships worth \
Rp11.5 million
(approximately **S$1,114**)
were granted to communities by Global Palm Resources in 2019

Investments worth over
S$22,243
were spent on other community welfare initiatives in 2019

4,433 hectares of our plantation has been cultivated by plasma farmers over **19** years

885 employees in 2019

41 kilo tonnes
of Empty Fruit Bunches ("EFB") were composted in 2019 as part of our steps towards achieving "Zero Waste" in our mill

SUSTAINABILITY REPORT

Replanting


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

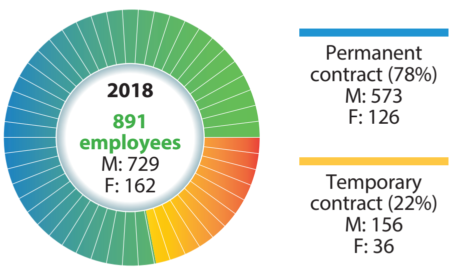
4. BENEFITING PEOPLE

4A. OUR EMPLOYEE AND WORKER DEMOGRAPHICS

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

We hire our employees based on their competencies and suitability for the job requirements. As the work in oil palm plantation and mill are highly labour-intensive, there are more male employees than female employees. These employees are mostly located in Indonesia, where our plantation and mill are located in. In 2019, only 4 out of our 885 employees were located in Singapore, while 4 out of our 891 employees were based in Singapore in 2018. We typically hire our employees on a full-time basis with permanent contract, enabling us to equip them with the skillsets for their growth. Our employee demographics have been relatively stable over the years, with low turnover. In 2019, there were 24 new hires and 30 turnover.

Figure 7: Our employee demographics in 2018 and 2019 by employment contract and gender



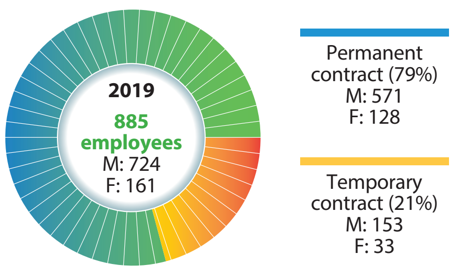
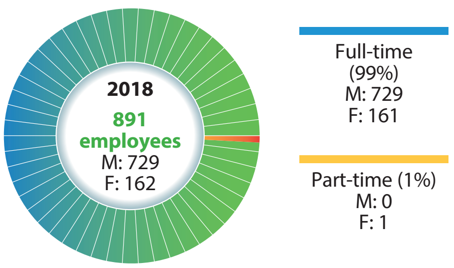
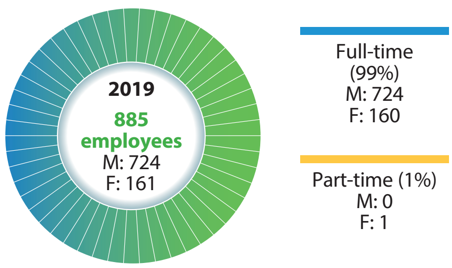


Figure 8: Our employee demographics in 2018 and 2019 by employment type and gender





SUSTAINABILITY REPORT

Figure 9: Our employee demographics in 2018 and 2019 by age group and employment category

2018

Middle Management (6%)
< 30 years old: 0
30 - 50 years old: 40
> 50 years old: 13

Senior Management (1%)
< 30 years old: 0
30 - 50 years old: 0
> 50 years old: 9

Staff (66%)
< 30 years old: 152
30 - 50 years old: 406
> 50 years old: 28

Supervisors (27%)
< 30 years old: 44
30 - 50 years old: 184
> 50 years old: 15

2019

Middle Management (6%)
< 30 years old: 0
30 - 50 years old: 40
> 50 years old: 15

Senior Management (1%)
<30 years old: 0
30 - 50 years old: 0
> 50 years old: 9

Staff (66%)
< 30 years old: 155
30 - 50 years old: 404
> 50 years old: 26

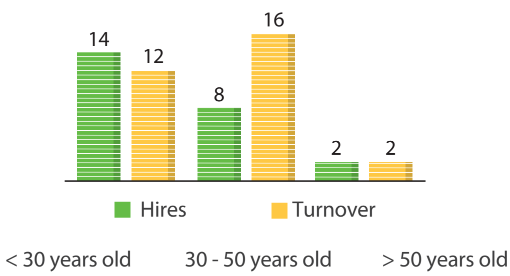
Supervisors (27%)
< 30 years old: 44
30 - 50 years old: 177
> 50 years old: 15

Figure 10: Our hires and turnover profile in 2019 by gender, age group and region

2019 by gender

2019 by region

2019 by age group



4B. FORCED LABOUR AND CHILD LABOUR

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

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

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

Voices from the Ground: How Global Palm Resources Improves the Standard of Living of Workers and Their Families

"Praise be to God, I am now able to send my children to a primary school built by PT PTS without worrying about the cost. Moreover, children in the surrounding community can travel to the school very conveniently, In the past, the only mode of transportation was by crossing a river. Today, our children enjoy a more comfortable ground transportation, thanks to the road infrastructure built by PT PTS and the free school bus from PT PTS."

(Hamdiah – Employee from West Kalimantan, Indonesia)

"Praise be to God, PT PTS and its plasma programme have significantly improved our economic conditions. This is evident from better housing, road infrastructure and human capital. Some people here even attend University."

(Sajidin – Employee from West Kalimantan, Indonesia)

Education

- ***A kindergarden and primary school to provide for the local children***
- ***Provides free transportation***

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

SUSTAINABILITY REPORT

Figure 11: Global Palm Resources' key highlights on the topic of forced and child labour in 2019

100%
Records maintained of work applicants (family card and identity card)

98.7%
Workers live in the houses provided by Global Palm Resources within our concession zones

Zero
Reported forced labour and child labour incidences

4C. SUCCESSION PLANNING

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

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

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

We believe that growth and sustainability cannot be achieved by to the exclusion of our affected stakeholders. Instead, we can only succeed by operating harmoniously alongside the communities, indigenous people and plasma farmers who live around us. We can do little on our own, but we can achieve so much more by forming mutually beneficial partnerships with them. This belief is rooted in our DNA, wherein it is our aim and purpose to respect our stakeholders' rights and grow with them. In 2019, there were zero incidents of violations involving rights of indigenous people. Being located in a developing region presents us with opportunities to improve the standard of living of the communities, indigenous people and plasma farmers around us.

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

Plasma Programme

For the past 19 years, we have been participating in Plasma Programme, an initiative by the Indonesian government to encourage partnerships between large plantation companies and their surrounding communities. As of 31 December 2019, 4,433 hectares of our plantation land has been cultivated by small holders under this programme. As part of this programme, we have transferred the management of this land area which we developed, and extended training on sustainable agricultural and management practices for oil palm cultivation.

SUSTAINABILITY REPORT

Community Development

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

- Employment: We give priority for locals during staff recruitment to work at our plantation and mill.
- Education: We provide kindergarten and primary school scholarships to our workers' children. A total of approximately Rp11.5 million (approximately S$1,114) worth of scholarships were granted in 2019.
- General welfare: We have made various investments to improve the locals' welfare, including provision of clean water, electricity, sanitation, medical treatment, housing, community halls, infrastructure for education and religious places of worship. Furthermore, we sponsor and participate in various local cultural and religious celebrations periodically. We invested a total of over S$22,243 for these initiatives.

Helping the community

PT PTS helped the local community to collect and transport rubbish around the Pawan River at Sandai Regency to a local landfill. This clean-up project creates a healthy and clean environment for the locals living in the area.

SUSTAINABILITY REPORT

5. BENEFITING THE PLANET

5A. CONSERVATION

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

Based on the most recent HCV study which we conducted in 2018, we identified 3,662 hectares of area with high conservation value within our concession area. Within this area, we identified two endangered fauna species, eight vulnerable fauna species and one vulnerable flora species listed on the International Union for Conservation of Nature ("IUCN") Red List.

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

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

We have dedicated 16.49 km^2 of conservation area within our concession to protect these species. In addition, we maintain certain natural landscape within our concession which supports the overall ecological balance. This includes some undisturbed forested area with high canopy cover, four natural hills (Bukit Rempangi, Bukit Temenggung, Bukit Mata Air and Bukit Karst) which are home to the two critically endangered fauna species, namely Pongo pygmaeus and Hylobates albibarbis, as well as some water catchment areas which serve as a natural control for floods and forest fires. We aim to continue our conservation efforts and conduct trees replanting spanning cumulatively 6,000 hectares of land by 2022.

5B. FIRE AND HAZE

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

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

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

Drone / CCTV
Detection of fire and hotspots via drone and 24/7 CCTV imagery.

Patrol
Frequent checks and patrols around plantation and monitoring from fire lookout tower by security personnel.

RSPO Reports
Satellite imagery and updates provided by RSPO.

Fire Prevention Training
Trainings on fire prevention and emergency response. In 2019, 16 personnel attended this training.

Maintenance of Water Pumps
Regular maintenance of water pumps for firefighting purposes.

In spite of our efforts to maintain zero cases of fires, we regret that there were four cases of burning activities detected within our area of control in 2019, measuring less than one hectare of land area each. We take all incidences of fires seriously, notwithstanding the size of affected area. Upon investigation, we found that these burning activities were done by some individuals who live within and around our plantation. To prevent re-occurrences of such incidences and increase local community awareness of the danger, we have subsequently shared the seriousness of such burning activities, as well as impressed the value we attach to our "Zero Burning" policy to the respective individuals.

5C. WASTE MANAGEMENT

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

SUSTAINABILITY REPORT

Figure 14: Global Palm Resources' approach towards managing waste

Organic waste	• All organic waste is stored in **green** coloured bins. • Subsequently, the organic waste is composted to produce fertilisers.
Inorganic waste	• All inorganic waste is stored in **orange** coloured bins. • Subsequently, the inorganic waste is sent off to landfills or external parties for appropriate disposal.
Hazardous waste	• All hazardous waste is sorted and stored in **red** coloured bins with clear labels for different waste categories: "Toxic", "Corrosive", "Explosive Liquid" and "Explosive Solid". • Hazardous waste can only be stored at a temporary storage area for a maximum of 90 days before being disposed off by external contractors. • All movements of hazardous waste are recorded for reporting to the Mill Manager.

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

Figure 15: Amount of waste oil disposed in 2018 and 2019

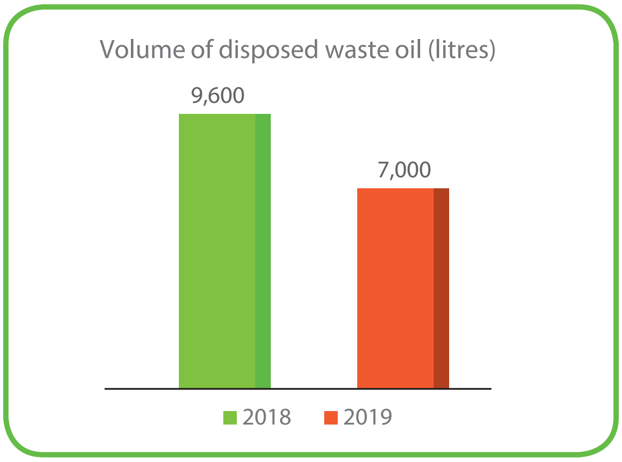
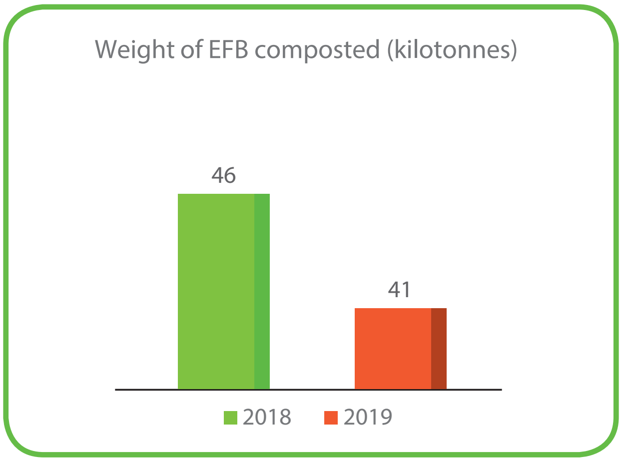


Figure 16: Weight of empty fruit bunches composed in 2018 and 2019



In 2019, we disposed off 7,000 litres of used oil from our mill compared to 9,600 litres in 2018. At the same time, we composted over 41 kilotonnes of EFB in 2019 and 46 kilotonnes of EFB in 2018. However, we are taking steps towards achieving zero waste in our mill. We are currently conducting a feasibility study for a co-composting plant which will treat our EFB and POME to produce organic compost fertilisers. This co-composting plant will serve the dual purpose of supplementing our fertilisers needs while at the same time avoiding carbon dioxide and methane gases emissions which would otherwise be emitted through our POME treatment.

6. GRI INDEX

GRI 102: General Disclosure		
Disclosure		**Location in the report or reason for omission**
Organisational profile		
102-1	Name of the organisation	Chapter 2: About the report (page 12)
102-2	Activities, brands, products, and services	Chapter 2: About the report (page 12)
102-3	Location of headquarters	Singapore
102-4	Location of operations	Chapter 2: About the report (page 12)
102-5	Ownership and legal form	Chapter 2: About the report (page 12)
102-6	Markets served	Indonesia
102-7	Scale of the organisation	Chapter 2: About the report (page 12); Chapter 4A: Our Employee and Worker Demographics (page 19)
102-8	Information on employee and other workers	Chapter 4A: Our Employee and Worker Demographics (page 19)
102-9	Supply chain	Chapter 3C: Sustainability in our value chain (page 15); Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to our supply chain.
102-11	Precautionary principle and approach	Chapter 4B: Forced Labour and Child Labour (page 21); Chapter 4C: Succession Planning (page 22); Chapter 5B: Fire and Haze (pages 24-25)
102-12	External initiatives	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-13	Membership of associations	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
Strategy		
102-14	Statement from senior decision-maker	Chapter 1: Message from our Chairman and CEO (pages 5 – 6)

SUSTAINABILITY REPORT

GRI 102: General Disclosure		
Disclosure		**Location in the report or reason for omission**
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Chapter 2: About Global Palm Resources (page 12)
Governance		
102-18	Governance structure	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-19	Delegating authority	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-20	Executive-level responsibility for economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-29	Identifying and managing economic, environmental, and social impacts	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-31	Review of economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-32	Highest governance body's role in sustainability reporting	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
Stakeholder Engagement		
102-40	List of stakeholder groups	Chapter 3A: Stakeholder engagement (page 12)
102-41	Collective bargaining agreements	Approximately 99.5% of our employees in Indonesia and all our employees in Singapore are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Chapter 3A: Stakeholder engagement (page 12)
102-43	Approach to stakeholder engagement	Chapter 3A: Stakeholder engagement (page 12)
102-44	Key topics and concerns raised	Chapter 3A: Stakeholder engagement (page 12)

SUSTAINABILITY REPORT

GRI 102: General Disclosure		
Disclosure		**Location in the report or reason for omission**
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Notes to Financial Statements (Page 105)
102-46	Defining report content and topic boundaries	Chapter 3B: Materiality assessment (page 14) Chapter 3C: Sustainability in our Value Chain (page 15)
102-47	List of material topics	Chapter 3B: Materiality assessment (page 14)
102-48	Restatements of information	Not applicable.
102-49	Changes in reporting	Not applicable.
102-50	Reporting period	Chapter 2: About the report (page 12)
102-51	Date of most recent report	Not applicable.
102-52	Reporting cycle	Chapter 2: About the report (page 12)
102-53	Contact point for questions regarding the report	Chapter 2: About the report (page 12)
102-54	Claims of reporting in accordance with the GRI Standards	Chapter 2: About the report (page 12)
102-55	GRI content index	Chapter 6: GRI Index (page 27)
102-56	External assurance	Global Palm Resources has not sought external assurance for this report.

Material matters			
GRI Standard	**Disclosure**		**Location or reason for omission**
Conservation			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5A: Conservation (pages 24-25)
	103-2	The management approach and its components	Chapter 5A: Conservation (pages 24-25)
	103-3	Evaluation of the management approach	Chapter 5A: Conservation (pages 24-25)
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Chapter 5A: Conservation (page 24)
Fire and Haze			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5B: Fire and Haze (pages 24-25)
	103-2	The management approach and its components	Chapter 5B: Fire and Haze (pages 24-25)
	103-3	Evaluation of the management approach	Chapter 5B: Fire and Haze (pages 24-25)

SUSTAINABILITY REPORT

Material matters			
GRI Standard	**Disclosure**		**Location or reason for omission**
Forced Labor and Child Labor			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 4B: Forced Labour and Child Labour (page 21)
	103-2	The management approach and its components	Chapter 4B: Forced Labour and Child Labour (page 21)
	103-3	Evaluation of the management approach	Chapter 4B: Forced Labour and Child Labour (page 21)
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Chapter 4B: Forced Labour and Child Labour (page 21)
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chapter 4B: Forced Labour and Child Labour (page 21)
Relationship with Communities, Indigenous People and Plasma Farmers			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
	103-2	The management approach and its components	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
	103-3	Evaluation of the management approach	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
GRI 411: Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments and development programs	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
Succession Planning			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 4C: Succession Planning (page 22)
	103-2	The management approach and its components	Chapter 4C: Succession Planning (page 22)
	103-3	Evaluation of the management approach	Chapter 4C: Succession Planning (page 22)

SUSTAINABILITY REPORT

Material matters			
GRI Standard	**Disclosure**		**Location or reason for omission**
Waste Management			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5C: Waste Management (pages 25-26)
	103-2	The management approach and its components	Chapter 5C: Waste Management (pages 25- 26)
	103-3	Evaluation of the management approach	Chapter 5C: Waste Management (pages 25- 26)
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Chapter 5C: Waste Management (pages 25- 26)

OPERATIONAL HIGHLIGHTS

PLANTATION STATISTICS (ha)

	FY2017	FY2018	FY2019
Total Planted Area	13,420	13,300	13,415
Mature	11,925	11,054	10,759
Immature	1,495	2,246	2,656
Nucleus Planted Area	9,056	8,935	8,982
Mature	7,561	6,689	6,326
Immature	1,495	2,246	2,656
Plasma Planted Area	4,364	4,365	4,433
Mature	4,364	4,365	4,433
Immature	0	0	0

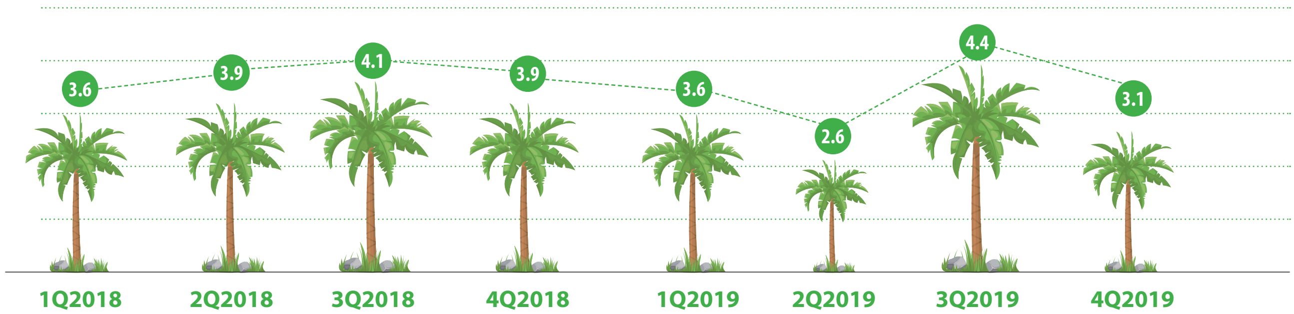
PRODUCTION OUTPUT (tonnes)

	FY2017	FY2018	FY2019
FFB Harvested from Nucleus	134,081	111,266	82,195
FFB Harvested from Plasma	89,670	95,267	69,535
FFB Processed	232,458	217,376	154,854
CPO Production	50,034	47,135	34,162
PK Production	8,172	8,526	6,642

OPERATIONAL HIGHLIGHTS

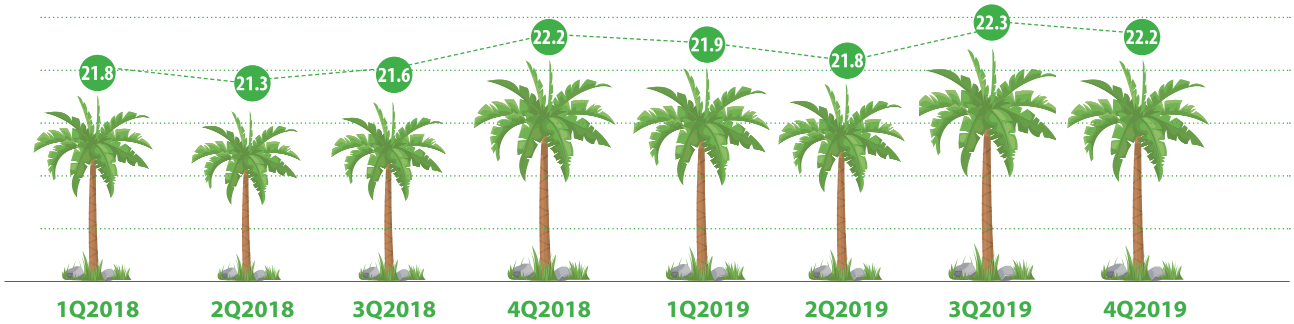
FFB YIELD (tonnes/ha) – Nucleus

FY2019 – 13.0
FY2018 – 16.6



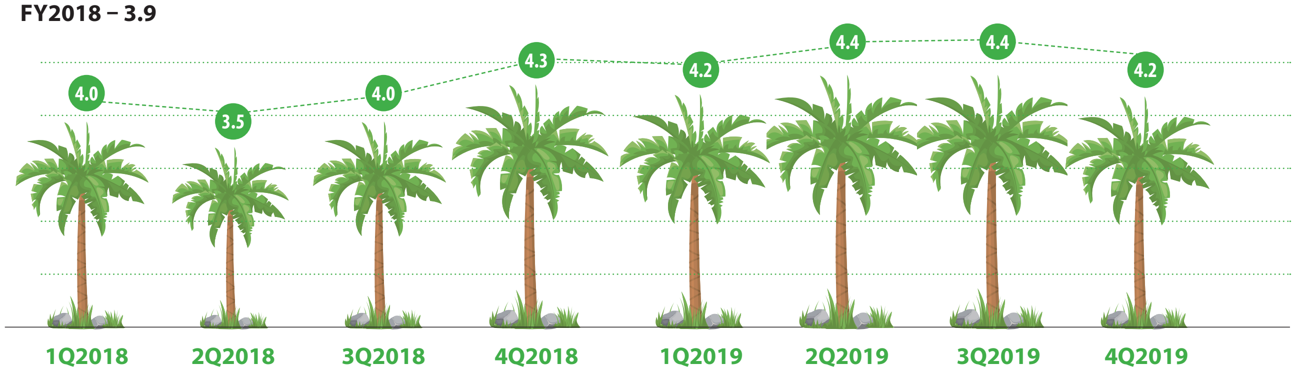
CPO EXTRACTION RATE (%)

FY2019 – 22.1
FY2018 – 21.7



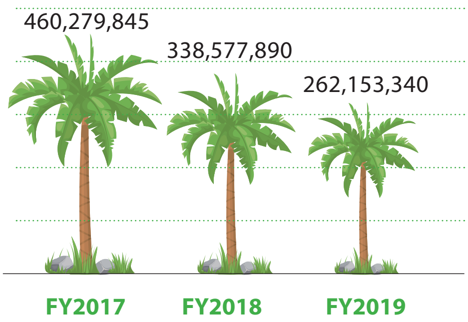
PK EXTRACTION RATE (%)

FY2019 – 4.3
FY2018 – 3.9

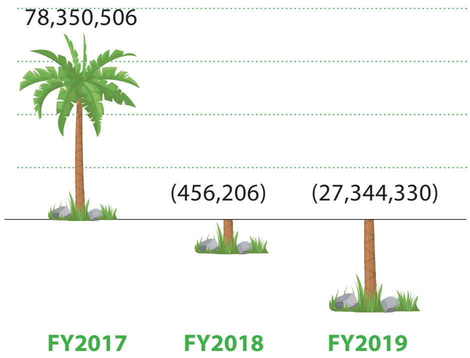


FINANCIAL REVIEW

REVENUE (RP '000)



EBITDA (RP '000)



Rp '000	FY2017	FY2018	FY2019
Revenue	460,279,845	338,577,890	262,153,340
Gross profit	111,331,203	30,689,116	1,057,484
Gross profit margin (%)	24.2	9.1	0.4
Profit/(loss) before income tax	69,869,191	(4,462,848)	(39,060,853)
Profit/(loss) for the financial year	45,630,639	(7,509,599)	(40,665,777)
Profit/(loss) attributable to:			
Owners of the parent	42,686,592	(7,395,850)	(38,512,724)
Non-controlling interest	2,944,047	(113,749)	(2,153,053)
	45,630,639	(7,509,599)	(40,665,777)
Earnings/(loss) per share			
Basic and diluted	216	(38)	(196)
EBITDA	78,350,506	(456,206)	(27,344,330)

FINANCIAL REVIEW

The conversion rates used in this annual report are S$1:Rp10,321 for FY2019 and S$1:Rp10,603 for FY2018.

REVIEW OF THE GROUP'S PERFORMANCE

Global Palm Resources reported a 23% decrease in revenue from Rp338.6 billion (S$31.9 million) in FY2018 to Rp262.2 billion (S$25.4 million) in FY2019. This was mainly due to the decrease in Crude Palm Oil ("CPO") sales volume and decrease in CPO and Palm Kernels ("PK") average selling prices. This was offset by increase in PK sales volume.

Gross profit decreased to Rp1.1 billion (S$0.1 million) or 97% from Rp30.7 billion (S$2.9 million) in FY2018. Gross profit margin decreased to 0.4% in FY2019, compared to 9.1% in FY2018.

The Group incurred a net loss attributable to shareholders of Rp38.5 billion (S$3.7 million) for FY2019, compared to a net loss attributable to shareholders of Rp7.4 billion (S$0.7 million) for FY2018.

Revenue

In FY2019, the Group's revenue from CPO decreased 23% from Rp306.2 billion (S$28.9 million) in FY2018 to Rp235.6 billion (S$22.8 million). The Group's revenue from PK decreased 18% from Rp32.4 billion (S$3.1 million) in FY2018 to Rp26.5 billion (S$2.6 million) in FY2019.

ANNUAL SALES REVENUE BY PRODUCT

Rp '000	FY2017	FY2018	FY2019
CPO	415,092,504	306,151,110	235,630,307
Palm Kernel	45,187,341	32,426,780	26,523,033

ANNUAL SALES VOLUME BY PRODUCT

Tons	FY2017	FY2018	FY2019
CPO	51,825	46,325	36,519
Palm Kernel	8,003	6,501	8,568

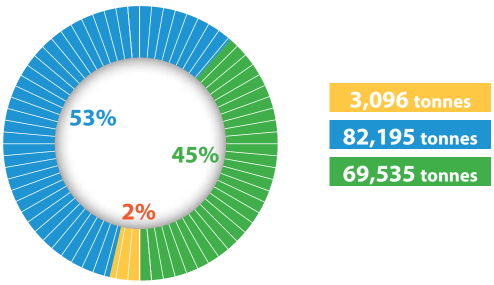
ANNUAL AVERAGE SELLING PRICES BY PRODUCT

Rp/kg	FY2017	FY2018	FY2019
CPO	8,009	6,609	6,452
Palm Kernel	5,646	4,988	3,095

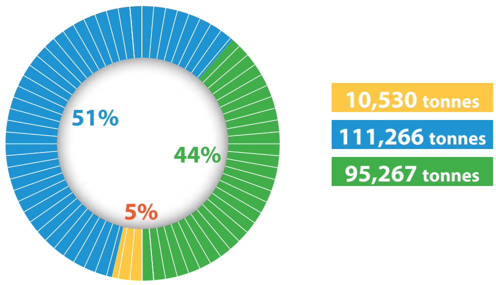
FINANCIAL REVIEW

BREAKDOWN OF FFB OUTPUT

FY 2019: 154,826 tonnes



FY 2018: 217,063 tonnes



TOTAL FFB PRODUCED (NUCLEUS) TOTAL FFB PURCHASED FROM PLASMA TOTAL FFB PURCHASED FROM 3RD PARTIES

Sales Volume

In FY2019, the Group sold 36,519 tons of CPO and 8,568 tons of PK compared to 46,325 tons of CPO and 6,501 tons of PK a year ago. This represented a 21% decrease in sales volume for CPO and a 32% increase in sales volume for PK.

Average Selling Price

The average selling price ("ASP") of CPO decreased 2% to Rp6,452/kg (S$0.63/kg) while the ASP for PK decreased 38% to Rp3,095/kg (S$0.30/kg) in FY2019.

Production Statistics

Total tonnage of FFB processed decreased 62,522 tons or 29% from 217,376 tonnes in FY2018 to 154,854 tonnes in FY2019. Total FFB produced from Nucleus decreased 29,071 tonnes or 26% from 111,266 tonnes in FY2018 to 82,195 tonnes in FY2019.

Total FFB purchased from Plasma decreased 25,732 tonnes or 27% from 95,267 tonnes in FY2018 to 69,535 tonnes in FY2019. Total FFB purchased from 3rd parties decreased 7,434 tonnes or 71%, from 10,530 tonnes in FY2018 to 3,096 tonnes in FY2019. The annual FFB yield decreased 22% from 16.6 tonnes/ha in FY2018 to 13.0 tonnes/ha in FY2019.

Productivity

The CPO extraction rate improved to 22.06% in FY2019 (FY2018: 21.68%) while PK extraction rate improved to 4.29% in FY2019 (FY2018: 3.92%).

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

Key Highlights (Rp' billion)	As at 31 December 2019	As at 31 December 2018	Change (%)
Total Assets	702.2	724.7	(3.1)
– Bearer plants	124.6	115.2	8.2
– Property, plant and equipment	148.0	134.8	9.8
– Plasma plantation receivables	60.1	59.5	5.2
– Biological assets	9.4	8.0	17.4
– Inventories	27.8	55.1	(49.6)
– Cash and cash equivalents	263.1	289.1	(9.0)
Total Liabilities	102.8	71.9	43.0
– Trade and other payables	50.6	30.8	64.2
– Provision for post-employment benefits	34.4	29.7	15.9
Total Equity	599.4	652.8	(8.2)

NON-CURRENT ASSETS

Non-current assets for the Group increased by Rp53.5 billion or 17%, from Rp309.7 billion (S$29.2 million) as at 31 December 2018 to Rp363.2 billion (S$35.2 million) as at 31 December 2019. This was mainly due to increase in deferred charges of Rp25.1 billion which mainly resulted from the acquisition of PT Bumi Raya Agro. There was also an increase in bearer plants of Rp9.5 billion, property, plant and equipment of Rp13.2 billion, right-of-use assets of Rp3.7 billion due to the adoption of SFRS(I) 16 Leases with effect from 1 January 2019 and increase in the credit extended to the Plasma farmers for the biological assets transferred of Rp1.5 billion.

CURRENT ASSETS

Current assets for the Group decreased by Rp76.0 billion or 18%, from Rp415.0 billion (S$39.1 million) as at 31 December 2018 to Rp339.0 billion (S$32.8 million) as at 31 December 2019. This was mainly due to the decrease in inventories of Rp27.3 billion from lower production in FY2019, decrease in trade and other receivables of Rp24.7 billion, decrease in prepayments of Rp1.6 billion and decrease in cash and cash equivalents of Rp26.0 billion. The decrease in cash and cash equivalents was mainly due to the acquisition of PT Bumi Raya Agro for the purchase consideration of Rp23.6 billion and lower profit generated in FY2019. This was offset by an increase in income tax recoverable of Rp3.8 billion in FY2019.

CURRENT LIABILITIES

Current liabilities for the Group increased Rp19.9 billion or 62%, from Rp32.2 billion (S$3.0 million) as at 31 December 2018 to Rp52.1 billion (S$5.0 million) as at 31 December 2019. This was mainly due to increase in trade and other payables of Rp19.8 billion.

NON-CURRENT LIABILITIES

Non-current liabilities for the Group increased Rp11.0 billion or 28% from Rp39.7 billion (S$3.7 million) as at 31 December 2018 to Rp50.7 billion (S$4.9 million) as at 31 December 2019, mainly due to increase in provision for post-employment benefits of Rp4.7 billion, increase in lease liabilities of Rp2.7 billion with the adoption of SFRS(I) 16 Leases and increase in deferred tax liabilities of Rp3.4 billion.

ACCUMULATED LOSSES

The accumulated losses of Rp180.8 billion (S$17.5 million) was mainly contributed by the accumulated losses of Rp141.0 billion (S$13.3 million) brought forward from FY2018, and loss attributable to owners of the parent of Rp38.5 billion and remeasurement of post-employment benefits of Rp1.7 billion, offset by income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss of Rp0.4 billion in FY2019.

FINANCIAL POSITION

The net asset value ("NAV") of the Group was Rp599.4 billion (S$58.1 million) as at 31 December 2019. NAV/share decreased to Rp3,060/share (S$0.30/share) as at 31 December 2019 from Rp3,326/share (S$0.31/share) as at 31 December 2018.

FINANCIAL REVIEW

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Key Highlights (Rp' billion)	FY2019	FY2018
Net cash from/(used in) operating activities	30.8	(58.3)
Net cash used in investing activities	(47.2)	(26.0)
Net cash used in financing activities	(2.5)	(23.1)
Cash and cash equivalents at the end of the year	263.1	289.1

Net cash generated from operating activities of Rp30.8 billion (S$3.0 million) in FY2019, as compared to net cash used in operating activities of Rp58.3 billion (S$5.5 million) in FY2018, was mainly due to the sell-down of inventories from FY2018 of Rp27.3 billion, recovery from trade and other receivables of Rp14.6 billion and increase in trade and other payables of Rp14.9 billion. This was offset by operating cash flows used before working capital changes of Rp22.6 billion in FY2019 and utilization of post-employment benefits of Rp3.0 billion.

Net cash used in investing activities of Rp47.2 billion (S$4.6 million) in FY2019, as compared to Rp26.0 (S$2.5 million) in FY2018, was mainly due to the capital expenditure on bearer plants of Rp21.2 billion, purchases of property, plant and equipment of Rp25.5 billion and payments for deferred expenditure of Rp2.6 billion. This was offset by receipt from disposal of financial assets at fair value through profit or loss of Rp1.8 billion in FY2019.

Net cash used in financing activities of Rp2.5 billion (S$0.2 million) in FY2019, as compared to Rp23.1 billion (S$2.2 million) in FY2018, was mainly due to the repayment of lease liabilities and lease liabilities interest of Rp1.2 billion, buyback of the Company's shares to be held as treasury shares of Rp0.8 billion, and repayment of bank borrowing of Rp0.4 billion.

Overall, the Group's cash position remained healthy with an accumulation of cash resources of Rp263.1 billion (S$25.4 million) as at 31 December 2019.

FINANCIAL CONTENTS

Financial Statement and Other Matters

CORPORATE GOVERNANCE REPORT

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

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

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held and attended by each Board member for the financial year ended 31 December 2019 is set out as follows:

Meetings / Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Dr Tan Hong Kiat @ Suparno Adijanto	4	4	4	*4	1	1	1	*1
Ivan Swandono	4	4	4	*4	1	*1	1	*1
Yee Kit Hong	4	4	4	4	1	1	1	1
M. Rajaram	4	4	4	4	1	1	1	1
Guok Chin Huat Samuel	4	4	4	4	1	1	1	1

* By invitation.

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

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

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

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

* *Where appropriate and subject to shareholders' approval.*

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

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

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

Executive Directors
Dr Tan Hong Kiat @ Suparno Adijanto (Chairman and Chief Executive Officer)
Ivan Swandono (Executive Director and Chief Operating Officer)

Independent Directors
Yee Kit Hong
M. Rajaram
Guok Chin Huat Samuel

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

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

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

The Directors' profiles are shown in the "Board of Directors" section of this Annual Report as set on pages 8 to 9.

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

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

CORPORATE GOVERNANCE REPORT

In line with Guideline 2.4 of the Code, the NC had conducted a rigorous review on the independence of the Non-Executive Directors, Mr Yee Kit Hong, Mr M. Rajaram and Mr Guok Chin Huat Samuel (each of whom has served on the Board beyond nine (9) years). Each Independent Director had abstained from the discussions pertaining to the rigorous review of their own independence. The Nominating Committee, with the concurrence of the Board, is satisfied that after a rigorous review of their independence undertaken by the NC, each of Mr Yee Kit Hong, Mr M. Rajaram and Mr Guok Chin Huat Samuel continue to be considered independent in their exercise of objective judgements on the corporate affairs of the Company, notwithstanding that each of them has served on the Board for more than nine years from the date of their first appointment.

The Board regularly examines its size and take into account the scope and nature of the Group's operations, the diversified background, knowledge and experience of the Directors who collectively possess the necessary core competencies to function effectively and make informed decisions in overseeing the Company's business. The Board is satisfied that it is on an appropriate size to facilitate effective deliberations and decision making.

Independent Directors meet regularly without the presence of Management in the meetings with the external auditors at least annually and on such other occasions as may be required and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Role of Chairman and Chief Executive Officer

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Board Membership

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Mr Yee Kit Hong, Mr M Rajaram and Mr Ivan Swandono will be retiring at the forthcoming annual general meeting ("AGM"). The NC has reviewed and recommended the re-election of the above-mentioned Directors at the forthcoming AGM. The Board has accepted the recommendation and Mr Yee Kit Hong, Mr M Rajaram and Mr Ivan Swandono will be offering themselves for re-election.

Key information regarding the Directors is set out below:

Director	Designation	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments/other principal commitments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Dr Tan Hong Kiat @ Suparno Adijanto	Executive Chairman & CEO	13 November 2009	30 April 2019	Nil	Nil
Ivan Swandono	Executive Director & COO	12 May 2016	25 April 2017	Nil	Nil
Yee Kit Hong	Lead Independent Director	16 March 2010	27 April 2018	Listed Companies 1. Nam Cheong Limited as Independent Director 2. Acromec Limited as Independent Director 3. Koon Holdings Limited as Independent Director	Listed Companies 1. Yinda Infocomm Limited as Independent Director (previously known as CMC Infocomm Limited)
M. Rajaram	Independent Director	16 March 2010	27 April 2018	Listed Companies 1. Hiap Seng Engineering Ltd as Independent Director	Nil
Guok Chin Huat Samuel	Independent Director	16 March 2010	30 April 2019	Listed Companies 1. Redwood Group Ltd as Independent Director 2. Asiatravel.com Holdings Ltd as Independent Director 3. RE&S Holdings Limited as Independent Director 4. International Cement Group Ltd	1. Datapulse Technology Limited as Independent Non-Executive Director 2. Bukit Sembawang Estates Limited as Chairman and Independent Director

CORPORATE GOVERNANCE REPORT

Board Performance

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The RC did not engage any external professional advice on matters relating to remuneration for the financial year ended 31 December 2019. The RC will ensure that existing relationships, if any, between the Company and such professional advisers, should they be appointed, will not affect the independence and objectivity of the professional advisers.

Level and Mix of Remuneration

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

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

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

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

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

Disclosure on Remuneration

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

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

A breakdown of each Director's remuneration for the financial year ended 31 December 2019 is set out below:

Remuneration Band	Number of Directors 2019	Number of Directors 2018
S$250,000 to below S$500,000	1	1
Below S$150,000	4	4

Directors	Fees S$ '000	Salary/ Allowance S$ '000	Bonus/Benefit S$ '000	Total S$ '000
Dr Tan Hong Kiat @ Suparno Adijanto	–	304	–	304
Ivan Swandono	–	104	10	114
Yee Kit Hong	65	–	–	65
M. Rajaram	60	–	–	60
Guok Chin Huat Samuel	60	–	–	60

Notes:

– The remuneration of Dr Tan Hong Kiat @ Suparno Adijanto and Ivan Swandono are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.

– The remuneration of Dr Tan Hong Kiat @ Suparno Adijanto and Ivan Swandono are converted based on the exchange rate of S$1: Rp10,321 for FY2019 for the purpose of this report.

– Ivan Swandono is the nephew of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (Dr Tan Hong Kiat @ Suparno Adijanto's brother).

Remuneration of Top Five Key Executives

The remuneration of the top five key management personnel for the financial year ended 31 December 2019 are as follows:–

Remuneration Band	Number of Executives FY2019	Number of Executives FY2018
Below S$250,000*	5	5

Name of Executives	Fees %	Salary/ Allowance %	Bonus/Benefit %	Total %
Below S$250,000				
Ge Luiyanto Yamin*	–	90	10	100
Lim Ardi Dharma*	–	89	11	100
Berlino Mahendra*	–	84	16	100
Hendrik Virgilius*	–	94	6	100
Wong Kim Poh*	–	85	15	100

The aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2019 is S$399,938*.

CORPORATE GOVERNANCE REPORT

Notes:

– The remuneration of Ge Luiyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.

– The remuneration of Ge Luiyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are converted based on the exchange rate of S$1: Rp10,321 for FY2019 for the purpose of this report.

Remuneration of Immediate Family Members of CEO and Executive Directors

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

Remuneration Band/Name of employees	Fees	Salary/ Allowance	Bonus/Benefit	Total
	%	%	%	%
Below S$50,000				
Tan Hong Pheng @ Pintarso Adijanto	–	89	11	100
Tan Ying Mei	–	91	9	100
S$150,001 to S$200,000				
Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto	–	89	11	100

Notes:

– The remuneration of Tan Hong Pheng @ Pintarso Adijanto, Tan Ying Mei and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.

– The remuneration of Tan Hong Pheng @ Pintarso Adijanto, Tan Ying Mei and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are converted based on the exchange rate of S$1: Rp10,321 for FY2019 for the purpose of this report.

– Tan Hong Pheng @ Pintarso Adijanto and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are the brothers of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO.

– Tan Ying Mei is the niece of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO, and the daughter of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (Dr Tan Hong Kiat @ Suparno Adijanto's brother).

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

(a) the financial records of the Group for the financial year ended 31 December 2019 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and

(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Audit Committee

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

The AC will meet at least 4 times a year and its principal duties include:

(a) review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal accounting controls;

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

(c) review the scope and results of the internal audit procedures;

(d) consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation or dismissal of the auditors;

(e) review the cooperation given by the officers to external and internal auditors;

(f) review and approve any Interested Person Transactions, Related Person Transactions and/or potential conflicts of interest;

(g) monitor the undertakings described in the section entitled "Interested Person Transactions and Conflicts of Interest", if any;

(h) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(i) generally undertake such other functions and duties as may be required by law or the Listing Manual, or by such amendments as may be made thereto from time to time.

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

The AC has undertaken a review of the independence and objectivity of the external auditors. The AC has also undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the AC's opinion, affect their independence. The Company has paid the following aggregate amount of fees to Messrs BDO LLP, the external auditors, for the financial year ended 31 December 2019:–

Services	**Rp'000**
Audit Fees	1,015,843
Non-audit Fees	–
Total	1,015,843

Save for the professional fees and miscellaneous expenses incurred for audit services, the Company have not paid any non-audit fees to the external auditors for the financial year ended 31 December 2019.

CORPORATE GOVERNANCE REPORT

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

The AC has direct access to the internal and external auditors and met with them without the presence of Management for the financial year ended 31 December 2019.

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

(i) independent investigations are carried out in an appropriate and timely manner;

(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

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

The AC has reviewed all Interested Person Transactions during the financial year ended 31 December 2019 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with.

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

Significant matters that were discussed with Management and the external auditors have been included as key audit matters ("KAMs") in the independent auditors' report for the financial year ended 31 December 2019, as set out on pages 61 to 63 of this Annual Report.

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

Engagement with Stakeholders

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

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

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

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

(i) annual reports that are prepared and issued to all shareholders;

(ii) quarterly results announcements;

(iii) media meetings;

(iv) press releases;

(v) corporate website at http://www.gprholdings.com/; and

(vi) disclosures via SGXNET.

CORPORATE GOVERNANCE REPORT

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

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

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

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

The Company welcomes feedback from Stakeholders of the Company at: http://www.gprholdings.com

DEALING IN SECURITIES

The Company is guided by Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the dealings in the securities of the Company. The Company and its officers are not allowed to deal in the Company's shares (i) during the period commencing 2 weeks before the announcement of the Company's financial results for each of the first 3 quarters of its financial year and 1 month before the Company's full financial year results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

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

MATERIAL CONTRACTS

There is no material contract entered into by the Company or any of its subsidiaries involving the interest of any Director or controlling shareholder during the year under review.

INTERESTED PERSON TRANSACTIONS ("IPT"S)

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

CORPORATE GOVERNANCE REPORT

The aggregate values of IPTs for the financial year ended 31 December 2019 is:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Rp' million)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (Rp' million)
PT Bumiraya Utama Lines	275	NIL
PT Cemaru Lestari	NIL	NIL

UPDATE OF THE UTILISATION OF THE INITIAL PUBLIC OFFERING ("IPO") PROCEEDS OF S$50.6 MILLION

As at 28 February 2020, the use of net proceeds from the IPO are as follows:

Use of net proceeds	Amount allocated (S$'million)	Amount utilised (S$'million)	Balance (S$'million)
Development of existing uncultivated land banks into oil palm plantations	15.61	13.34(1)	2.27
Acquisition of other oil palm plantations and land banks	15.00	3.41(2)	11.59(3)
Repayment of the loans to PT Bank CIMB Niaga Tbk ("Bank Niaga")	5.00	5.00	–
Construction of the co-composting plant	2.00	1.49	0.51
Working capital	9.50	9.50	–
Invitation expenses	3.49	3.49	–
Total	**50.60**	**36.23**	**14.37**

Notes:–

(1) Out of the S$13.34 million utilised for the development of existing uncultivated land banks into oil palm plantations, approximately S$11.12 million were used for land clearing and new planting purposes.

(2) The S$3.41 million utilized for the acquisition of other oil palm plantations and land banks includes acquisition of PT Bumi Raya Agro of S$2.2 million, expenses of S$0.46 million incurred for the land location permit in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan and expenses of S$0.66 million incurred for the land location permit in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan.

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

CORPORATE GOVERNANCE REPORT

As at 28 February 2020, the use of net proceeds from the IPO working capital are as follows:–

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

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

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

DIRECTORS' STATEMENT

The Directors of Global Palm Resources Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") and the statement of changes in equity of the Company for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

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

3. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

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

Ultimate holding company	Shareholdings registered in name of Director Balance as at 1.1.2019	Balance as at 31.12.2019
	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 2020 in the shares of the Company have not changed from those disclosed as at 31 December 2019.

5. Share options

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

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

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

6. Audit committee

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

(a) the external auditor's proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope;

(b) the independence of the external auditor, including reviewing the range of services provided in the context of all non-audit services provided to the Company, seeking to balance maintenance of objectivity and value for money;

(c) the audit plans and results of the internal auditors examination and evaluation of the Group's systems of internal controls;

(d) the Group's financial and operating results and accounting policies;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

(e) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

(f) the quarterly, half yearly and full year financial announcements, as well as the related press releases of the Company and the Group;

(g) the co-operation and assistance given by the management to the Company's external and internal auditors; and

(h) the re-appointment of the external and internal auditors of the Company.

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

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

7. Independent auditor

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

On behalf of the Board of Directors

Tan Hong Kiat @ Suparno Adijanto
Director

Ivan Swandono
Director

6 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Palm Resources Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 67 to 133, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Key Audit Matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
1 Classification and impairment of Plasma plantation receivables	
Plasma plantation receivables comprise amounts due from cooperatives representing Plasma farmers for the Group's hand-over of Plasma plantations in accordance to the Plasma programme. The amounts will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of fresh fruit bunches ("FFB") from the Plasma farmers. As at 31 December 2019, the carrying amount of the Plasma plantation receivables amounted to approximately Rp60.2 billion and accounted for 8.6% of the Group's total assets. The Group applied the general approach under SFRS(I) 9 Financial Instruments to measure the loss allowance for expected credit losses on Plasma plantation receivables. As at 31 December 2019, management determined that there is a significant increase in credit risk since initial recognition and measured the lifetime ECL by determining the present value of estimated future cash flows based on evaluation of expected credit loss scenarios. An additional loss allowance on Plasma plantation receivables of Rp0.4 billion was recognised in profit or loss. Management also determined that Plasma plantation receivables of Rp10.9 billion is expected to be recovered within the next financial year and classified as current receivables. The remaining balance of Rp49.3 billion was estimated to be recovered by 2039. The classification and impairment assessment of Plasma plantation receivables were of most significance in our audit due to the significant judgement and estimates involved in evaluating the expected credit loss scenarios and the key assumptions made in deriving the expected future cash flows. These key assumptions include the FFB production yield of the Plasma plantations handed-over to the Plasma farmers, FFB selling price growth rate and discount rate. Refer to Notes 2.9, 3.2(i) and 16 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We evaluated management's assessment on whether there is a significant increase in credit risk of the Plasma plantation receivables. We held discussions with management to understand the basis of the expected credit loss scenarios and estimation of related future purchases of FFB from the Plasma farmers and other key assumptions made. We assessed the reasonableness of the expected credit loss scenarios determined by management and evaluated the appropriateness of the inputs used in estimating the expected estimated future cash flows to be derived from those expected credit loss scenarios. We performed retrospective assessment of management's estimation of the related purchases of FFB from the Plasma farmers determined in the previous financial year against the actual related purchases of FFB during the current financial year. We evaluated the reasonableness of the other key assumptions made in deriving the expected future cash flows such as the FFB production yield of the handed-over Plasma plantations and discount rate, including performing retrospective assessment and sensitivity analysis. We reviewed the reasonableness on classification of Plasma plantation receivables by evaluated the estimated future cash flows derived from those expected credit loss scenarios. We assessed the adequacy of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

KEY AUDIT MATTER	AUDIT RESPONSE
2 Valuation of biological assets (FFB)	
Biological assets, which represent FFB growing on mature oil palm trees, are stated at fair value less estimated point-of-sale costs. Gains or losses from changes in fair value less estimated point-of-sale costs of biological assets are included in profit or loss in the financial year in which they arise. During the current financial year, the Group recognised gain from changes in fair value less estimated point-of-sale costs of biological assets of Rp1.4 billion in profit or loss. The Group's biological assets amounted to approximately Rp9.4 billion as at 31 December 2019. The fair value of biological assets is determined by an independent valuer, with certain input data provided by management, using the income approach method. The valuation of biological assets was of significance in our audit due to the significant judgement involved in determining the underlying significant assumptions made in the calculation of the fair value of the biological assets. These assumptions include the FFB production yield, market selling price of FFB, discount rate and transportation, maintenance and harvesting costs. Refer to Notes 2.13, 3.2(ii), 19 and 38 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We assessed the professional competency, capabilities and the objectivity of the independent valuer. We read the valuation report and discussed with the independent valuer and the management on the significant assumptions made. With the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation approach used and reasonableness of the significant assumptions made by the independent valuer by: • checking the input data provided by management to the independent valuer to estimate the FFB production yield and comparing these data to the relevant supporting documents such as daily harvesting/production records; • tracing the market selling price of FFB used in the valuation to the price published by the plantation authority of West Kalimantan Province; • evaluating the reasonableness and performing sensitivity analysis on the discount rate used; and • performing reasonableness tests, including checking the relevant supporting documents, on the transportation, maintenance and harvesting costs. We also assessed the adequacy of the disclosures in the financial statements relating to fair value measurement of biological assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

KEY AUDIT MATTER	AUDIT RESPONSE
3 Impairment assessment on investments in subsidiaries	
As at 31 December 2019, the carrying amount of the Company's investments in subsidiaries amounting to Rp748.0 billion comprised mainly investment in Global Palm Resources Private Limited, which in turn holds the investment in PT Prakarsa Tani Sejati. The management views these subsidiaries as one cash-generating unit ("CGU"). During the financial year, the management has assessed that there is indication that this CGU may be impaired as the CGU has suffered consecutive losses over the years due to unfavourable market condition and lower production with the implementation of replanting program. The management estimated the recoverable amount of the CGU to determine whether an impairment loss should be recognised in the financial statements. Management determined the recoverable amount of the CGU based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the CGU. From the assessment, no impairment allowance was recognised during the financial year. We focused on the impairment assessment on the investments in subsidiaries as key audit matter owing to the significant management judgements and estimates involved in the key assumptions used in estimating the expected discounted future cash flows, such as the future market conditions, revenue and cost growth rates and discount rates. Refer to Notes 2.12, 3.2(iii) and 15 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We discussed with management and evaluated their assessment of the indication of impairment loss. We obtained the value-in-use computations and discussed with management to understand the basis of key assumptions made and the appropriateness of the input data used in those computations. We evaluated the reasonableness of the discount rates used by engaging our internal valuation specialist to independently develop an expectation of the discount rates. We evaluated the reasonableness of other key assumptions made, such as the future market conditions, revenue and cost growth rates and projected costs, including performing sensitivity analysis and retrospective review of the forecast against actual performance for the current year. We assessed the adequacy of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

Report on the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 Rp'000	Group 2018 Rp'000
Revenue	4	**262,153,340**	338,577,890
Cost of sales	5	**(261,095,856)**	(307,888,774)
Gross profit		**1,057,484**	30,689,116
Other items of income/(expense)			
Interest income	6	**7,243,192**	10,368,651
Changes in fair value less estimated point-of-sale costs of biological assets	19	**1,392,700**	6,305,403
Other income	7	**7,734,830**	3,418,810
Distribution expenses		**(1,855,991)**	(565,565)
Administrative expenses		**(50,096,841)**	(50,727,468)
Loss allowance on Plasma plantation receivables		**(409,271)**	(2,017,703)
Finance costs	8	**(270,457)**	(7,038)
Other expenses		**(3,856,499)**	(1,927,054)
Loss before income tax	9	**(39,060,853)**	(4,462,848)
Income tax expense	10	**(1,604,924)**	(3,046,751)
Loss for the financial year		**(40,665,777)**	(7,509,599)
Other comprehensive (loss)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits	27	**(1,829,881)**	6,609,096
Income tax relating to components of other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss	10	**457,470**	(1,652,274)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(8,239,803)**	16,129,078
Other comprehensive (loss)/income for the financial year, net of tax		**(9,612,214)**	21,085,900
Total comprehensive (loss)/income for the financial year		**(50,277,991)**	13,576,301
Loss attributable to:			
Owners of the parent		**(38,512,724)**	(7,395,850)
Non-controlling interest		**(2,153,053)**	(113,749)
		(40,665,777)	(7,509,599)
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(48,056,318)**	13,442,209
Non-controlling interest		**(2,221,673)**	134,092
		(50,277,991)	13,576,301
		Rp	**Rp**
Loss per share			
– Basic and diluted	11	**(196)**	(38)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 Rp'000	Group 2018 Rp'000	Company 2019 Rp'000	Company 2018 Rp'000
Non-current assets					
Bearer plants	12	**124,646,802**	115,155,542	**–**	–
Property, plant and equipment	13	**148,003,156**	134,815,574	**50,503**	109,038
Right-of-use assets	14	**3,701,059**	–	**3,392,990**	–
Investments in subsidiaries	15	**–**	–	**747,985,168**	768,439,502
Plasma plantation receivables	16	**49,286,126**	49,508,501	**–**	–
Operating use rights	17	**460,601**	503,912	**–**	–
Deferred charges	18	**37,137,953**	9,713,818	**–**	–
		363,235,697	309,697,347	**751,428,661**	768,548,540
Current assets					
Biological assets	19	**9,387,800**	7,995,100	**–**	–
Inventories	20	**27,757,695**	55,091,239	**–**	–
Trade and other receivables	21	**17,725,520**	42,455,294	**260,710,126**	201,103,799
Dividend receivable		**–**	–	**29,100,493**	34,667,609
Current income tax recoverable		**19,583,678**	15,816,533	**–**	–
Prepayments		**1,239,396**	2,856,978	**250,294**	257,253
Financial assets at fair value through profit or loss	22	**148,680**	1,738,022	**–**	–
Cash and cash equivalents	23	**263,121,242**	289,091,103	**14,294,951**	74,733,568
		338,964,011	415,044,269	**304,355,864**	310,762,229
Less:					
Current liabilities					
Trade and other payables	24	**50,571,941**	30,782,695	**1,312,785**	1,067,972
Dividend payable to non-controlling interest		**–**	147,500	**–**	–
Bank borrowing	25	**410,907**	25,093	**–**	–
Lease liabilities	26	**1,053,898**	–	**844,943**	–
Current income tax payable		**82,566**	1,254,760	**82,566**	–
		52,119,312	32,210,048	**2,240,294**	1,067,972
Net current assets		**286,844,699**	382,834,221	**302,115,570**	309,694,257
Less:					
Non-current liabilities					
Bank borrowing	25	**72,004**	–	**–**	–
Lease liabilities	26	**2,660,219**	–	**2,546,324**	–
Provision for post-employment benefits	27	**34,375,053**	29,657,159	**–**	–
Provision for restoration	28	**161,932**	–	**161,932**	–
Deferred tax liabilities	29	**13,385,715**	10,005,253	**371,546**	226,585
		50,654,923	39,662,412	**3,079,802**	226,585
Net assets		**599,425,473**	652,869,156	**1,050,464,429**	1,078,016,212
Capital and reserves					
Share capital	30	**647,041,445**	647,867,864	**647,041,445**	647,867,864
Capital reserve	31	**(3,403,230)**	–	**–**	–
Foreign currency translation reserve	32	**120,361,388**	128,601,191	**382,929,220**	411,623,356
Accumulated (losses)/profits		**(180,816,354)**	(140,999,839)	**20,493,764**	18,524,992
Equity attributable to owners of the parent		**583,183,249**	635,469,216	**1,050,464,429**	1,078,016,212
Non-controlling interest		**16,242,224**	17,399,940	**–**	–
Total equity		**599,425,473**	652,869,156	**1,050,464,429**	1,078,016,212

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated losses Rp'000	Equity attributable to owners of the parent Rp'000	Non-controlling interest Rp'000	Total equity Rp'000
Group							
Balance as at 1.1.2018		648,501,310	112,472,113	(117,797,045)	643,176,378	14,765,848	657,942,226
Loss for the financial year		–	–	(7,395,850)	(7,395,850)	(113,749)	(7,509,599)
Other comprehensive income for the financial year:							
Remeasurement of post-employment benefits		–	–	6,278,641	6,278,641	330,455	6,609,096
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		–	–	(1,569,660)	(1,569,660)	(82,614)	(1,652,274)
Currency translation differences		–	16,129,078	–	16,129,078	–	16,129,078
Total comprehensive income for the financial year		–	16,129,078	(2,686,869)	13,442,209	134,092	13,576,301
Total transactions with owners of the parent, recognised directly in equity							
Shares buy back held in treasury	30	(633,446)	–	–	(633,446)	–	(633,446)
Dividend to owners of the parent	33	–	–	(20,515,925)	(20,515,925)	–	(20,515,925)
		(633,446)	–	(20,515,925)	(21,149,371)	–	(21,149,371)
Capital injection from non-controlling interest in subsidiary		–	–	–	–	2,500,000	2,500,000
Balance as at 31.12.2018		647,867,864	128,601,191	(140,999,839)	635,469,216	17,399,940	652,869,156

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits Rp'000	Total equity Rp'000
Company					
Balance as at 1.1.2019		**647,867,864**	**411,623,356**	**18,524,992**	**1,078,016,212**
Profit for the financial year		**–**	**–**	**1,968,772**	**1,968,772**
Other comprehensive loss for the financial year:					
Currency translation differences		**–**	**(28,694,136)**	**–**	**(28,694,136)**
Total comprehensive loss for the financial year		**–**	**(28,694,136)**	**1,968,772**	**(26,725,364)**
Total transactions with owners of the parent, recognised directly in equity					
Shares buy back held in treasury	30	**(826,419)**	**–**	**–**	**(826,419)**
Balance as at 31.12.2019		**647,041,445**	**382,929,220**	**20,493,764**	**1,050,464,429**
Balance as at 1.1.2018		648,501,310	363,083,818	42,744,610	1,054,329,738
Loss for the financial year		–	–	(3,703,693)	(3,703,693)
Other comprehensive income for the financial year:					
Currency translation differences		–	48,539,538	–	48,539,538
Total comprehensive income for the financial year		–	48,539,538	(3,703,693)	44,835,845
Total transactions with owners of the parent, recognised directly in equity					
Shares buy back held in treasury	30	(633,446)	–	–	(633,446)
Dividend to owners of the parent	33	–	–	(20,515,925)	(20,515,925)
		(633,446)	–	(20,515,925)	(21,149,371)
Balance as at 31.12.2018		647,867,864	411,623,356	18,524,992	1,078,016,212

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	Rp'000	Rp'000
Cash flows from operating activities		
Loss before income tax	**(39,060,853)**	(4,462,848)
Adjustments for:		
Amortisation of operating use rights	**43,311**	43,311
Amortisation of right-of-use assets	**1,125,207**	–
Changes in fair value less estimated point-of-sale costs of biological assets	**(1,392,700)**	(6,305,403)
Changes in fair value of financial assets at fair value through profit or loss	**(222,011)**	(8,732)
Depreciation of property, plant and equipment	**12,485,734**	12,174,074
Depreciation of bearer plants	**6,427,706**	8,456,273
Gain on disposal of club memberships	**(78,226)**	(305,364)
Gain on disposal of bearer plants	**(2,145,025)**	–
Loss allowance on Plasma plantation receivables	**409,271**	2,017,703
(Gain)/loss on disposal of property, plant and equipment	**(101,042)**	8,153
Property, plant and equipment written off	**161,479**	–
Bearer plants written off	**2,757,299**	–
Deferred charges written back	**–**	(3,628,500)
Interest expense	**270,457**	7,038
Interest income	**(7,243,192)**	(10,368,651)
Provision for post-employment benefits	**5,851,445**	5,264,962
Unrealised currency translation loss	**(1,918,621)**	1,938,632
Operating cash flows before working capital changes	**(22,629,761)**	4,830,648
Working capital changes:		
Inventories	**27,333,544**	(14,876,174)
Trade and other receivables	**14,627,212**	(12,288,364)
Prepayments	**1,609,652**	(2,157,356)
Trade and other payables	**14,865,671**	(7,816,313)
Provision for post-employment benefits	**(2,963,432)**	(11,066,625)
Cash generated from/(used in) operations	**32,842,886**	(43,374,184)
Interest received	**2,982,536**	5,096,602
Income tax paid, net	**(5,025,055)**	(20,015,808)
Net cash from/(used in) operating activities	**30,800,367**	(58,293,390)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group 2019 Rp'000	Group 2018 Rp'000
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(352,552)	–
Capital expenditure on bearer plants	(21,158,455)	(13,535,387)
Disposal of financial assets at fair value through profit or loss	1,811,353	–
Purchases of property, plant and equipment	(25,445,824)	(13,679,027)
Proceeds from disposal of property, plant and equipment	514,525	135,152
Proceeds from disposal of club membership	78,226	989,196
(Payments)/Refund for deferred charges arising from acquisition of land location permit	(2,634,814)	109,000
Net cash used in investing activities	(47,187,541)	(25,981,066)
Cash flows from financing activities		
Dividend paid to owners of the parent	–	(20,515,925)
Dividend paid to non-controlling interest	(147,500)	(4,230,000)
Capital injection from non-controlling interest of subsidiary	–	2,500,000
Shares buy back held in treasury	(826,419)	(633,446)
Repayments of obligations under leases (Note A)	(942,001)	–
Repayments of bank borrowing (Note A)	(347,182)	(169,154)
Interest paid (Note A)	(270,457)	(7,038)
Net cash used in financing activities	(2,533,559)	(23,055,563)
Net change in cash and cash equivalents	(18,920,733)	(107,330,019)
Cash and cash equivalents at the beginning of the financial year	289,091,103	382,844,694
Effects of currency translation on cash and cash equivalents	(7,049,128)	13,576,428
Cash and cash equivalents at the end of the financial year (Note 23)	263,121,242	289,091,103

Note A: Reconciliation of liabilities arising from financing activities

	1 January 2019 Rp'000	Cash flow Rp'000	Non-cash changes: Adoption of SFRS(I) 16 Rp'000	Non-cash changes: Addition during the year Rp'000	Non-cash changes: Interest expense Rp'000	Non-cash changes: Foreign exchange differences Rp'000	31 December 2019 Rp'000
Bank borrowing	25,093	(389,508)	–	805,000	42,326	–	482,911
Lease liabilities	–	(1,170,132)	4,764,291	–	228,131	(108,173)	3,714,117
	25,093	(1,559,640)	4,764,291	805,000	270,457	(108,173)	4,197,028

	1 January 2018 Rp'000	Cash flow Rp'000	Non-cash changes: Addition during the year Rp'000	Non-cash changes: Interest expense Rp'000	31 December 2018 Rp'000
Bank borrowing	194,247	(176,192)	–	7,038	25,093

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1. GENERAL CORPORATE INFORMATION

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

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

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

The consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2019 were authorised for issue in accordance with a Directors' resolution dated 6 April 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2019

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

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and SFRS(I) INT 4 Determining whether an Arrangement Contains a Lease. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the statements of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group and the Company applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening accumulated losses/profits, if any, as at 1 January 2019 (the "date of initial application"). The Group and the Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Group and the Company has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;

- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group and the Company previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group and the Company recognise right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new, the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

***SFRS(I) 16 Leases* (Continued)**

On adoption of SFRS(I) 16, the Group and the Company recognised right-of-use assets and lease liabilities in relation to office premises, which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was ranges from 4.86% to 9.75%.

The right-of-use assets were measured as if SFRS(I) 16 being applied from commencement date of the leases, subject to the practical expedients listed above.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group Increase/ (decrease) Rp'000	Company Increase/ (decrease) Rp'000
Assets		
Right-of-use assets	**4,937,989**	**4,415,314**
Liabilities		
Lease liabilities	**4,764,291**	**4,241,616**
Provision for restoration	**166,360**	**166,360**

The impact to opening accumulated losses was adjusted in current year profit or loss due to the amount is not material and did not significantly affect consolidated the financial statements.

The aggregate lease liabilities recognised in the statements of financial position of the Group and of the Company as at 1 January 2019 and the Group's and the Company's operating lease commitment as at 31 December 2018 can be reconciled as follows:

	Group Rp'000	Company Rp'000
Operating lease commitment as at 31 December 2018 (Note 34)	779,986	659,986
Less: Effect of low value asset	(14,576)	(14,576)
Add: Renewal of lease	2,610,850	2,137,936
Add: Effect of extension options reasonably certain to be exercised	1,982,053	1,982,053
	5,358,313	4,765,399
Effect of discounting using the incremental borrowing rate as at date of initial application	(594,022)	(523,783)
Lease liability as at 1 January 2019	**4,764,291**	**4,241,616**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective

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

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which 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.

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 consideration paid for the acquisition and net assets acquired is recognised directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Acquisition under common control (Continued)

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

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

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

Non-controlling interests

Non-controlling interests represents 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, consolidated statement of changes in equity and consolidated statement of financial position.

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 parent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interests. 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 SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or jointly venture.

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

2.3 Revenue recognition

Sale of goods

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

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

Interest income

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

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Employee benefits (Continued)

(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 less the fair value of plan assets at the end of the financial year.

(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 Taxes

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

Current income tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Taxes (Continued)

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 deferred tax asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates and tax laws that have been enacted or substantially 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, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

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

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

- receivables and payables that are stated with the amount of sales tax included.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Bearer plants

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

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

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

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

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

2.7 Property, plant and equipment

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

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that the future economic benefits will flow to the Group and the cost can be 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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

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

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

2.8 Leases – as lessee

Accounting policy for leases on or after to 1 January 2019

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

Initial measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases – as lessee (Continued)

Accounting policy for leases on or after to 1 January 2019 (Continued)

Initial measurement (Continued)

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

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

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

Subsequent measurement

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

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

	Years
Office premises	2 to 5

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.12 to the financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases – as lessee (Continued)

Accounting policy for leases on or after to 1 January 2019 (Continued)

Subsequent measurement (Continued)

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

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

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Accounting policy for leases prior to 1 January 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Plasma plantation receivables

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

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

Plasma plantation receivables, as presented on the statements of financial position, represent the hand-over value for the transfer of the Plasma plantations in accordance to the Plasma programme. The difference between the accumulated Plasma plantation development costs (costs incurred for Plasma plantation development which include costs for Plasma plantations funded by the Group) and their hand-over value is charged to profit or loss. The Plasma plantation receivables are assessed for impairment in accordance with Note 2.15.

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

2.10 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.

2.11 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 2.10) once the land rights are legally and successfully obtained.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.13 Biological assets

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

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

2.14 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments

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

Financial assets

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

(i) Amortised cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities

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

Trade and other payables and dividend payable to non-controlling interest

Trade and other payables (excluding VAT payable, other taxes payable and advances from customers) 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.

Borrowing

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

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

Derecognition of financial liabilities

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

2.16 Cash and cash equivalents

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

2.17 Provisions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Company (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

(i) Determination of functional currency

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

(ii) Determination the lease term

The Group and the Company leases office premises from external parties and related parties. Included in the lease arrangement, there are extension held and exercisable only by the Group and the Company. In determining the lease term, management considers the likelihood of either to exercise the extension option. Management considers all facts and circumstances that create an economic incentive to extend of lease.

Management has included potential cash outflows of Rp1,982,053,000 in the measurement of lease liability for office premises, as it is reasonably certain that the extension option will be exercised. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's and the Company's intentions, business plan or other circumstances unforeseen since it was first estimated.

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

3.2 Key sources of estimation uncertainty

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

(i) Classification and impairment of Plasma plantation receivables

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

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

While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and estimated related purchases of FFB from the Plasma farmers and significant changes in key assumptions used may materially affect the classification of and the estimated future cash flows from the Plasma plantation receivables. As at 31 December 2019, management determined there is a significant increase in credit risk and an additional loss allowance on Plasma plantation receivables of Rp409,271,000 (2018: Rp2,017,703,000) was recognised during the financial year ended 31 December 2019 using lifetime ECL.

The carrying amount of the Group's Plasma plantation receivables as at 31 December 2019 was Rp60,163,593,000 (2018: Rp59,528,106,000).

(ii) Biological assets

The Group's biological assets are stated at fair value less estimated point-of-sale costs. The fair value of the Group's biological assets are determined based on the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate. The key inputs to the income approach with the cash flow method discounted are derived based on certain significant assumptions made and such details are disclosed in Note 19 to the financial statements. While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and estimated volume of the fresh fruit bunches (the significant assumption used) and price may materially affect the fair value of its biological assets. The carrying amount of the Group's biological assets as at 31 December 2019 was Rp9,387,800,000 (2018: Rp7,995,100,000).

NOTES TO THE FINANCIAL STATEMENTS

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

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

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

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

The Company's carrying amount of investments in subsidiaries as at 31 December 2019 was Rp747,985,168,000 (2018: Rp768,439,502,000).

(iv) Loss allowance for trade and other receivables

Trade receivables

The management establishes provision for impairment of trade receivables using a forward-looking expected credit loss model. On initial recognition of the financial asset, management has determined the expected credit loss rates by considering the credit risk profile of the customers and considered if there will be default payment. The Group's credit risk exposure for trade receivables are disclosed in Note 37.2(a). There is no allowance required as at 31 December 2019.

The carrying amount of the Group's trade receivables as at 31 December 2019 was Rp2,002,321,000 (2018: Rp8,710,925,000).

Other receivables, including subsidiaries and loans to subsidiaries (excluding Plasma plantation receivables)

Management determines whether there is significant increase in credit risk of these counterparties since initial recognition. Management considers historical loss pattern, reasonable and supportable information that is relevant various operating performance ratios as well as liquidity ratios of these counterparties. As at 31 December 2019, there is no significant increase in credit risk on these balances.

The carrying amounts of the Group's and the Company's other receivables (excluding Plasma plantation receivables) as at 31 December 2019 were Rp2,360,262,000 (2018: Rp3,946,990,000) and Rp258,920,980,000 (2018: Rp199,492,348,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

3.2 Key sources of estimation uncertainty (Continued)

(v) Useful life of bearer plants

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

The carrying amount of the Group's bearer plants as at 31 December 2019 was Rp124,646,802,000 (2018: Rp115,155,542,000).

(vi) Pension and employee benefits

The determination of the Group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, wages and salary increase, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognised immediately in profit or loss as and when they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the Group's estimated liabilities for post-employment benefits as at 31 December 2019 was Rp34,375,053,000 (2018: Rp29,657,159,000).

(vii) Measurement of lease liabilities

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

The incremental borrowing rate applied to lease liabilities as at 31 December 2019 were range from 4.86% to 9.75%. The carrying amounts of the Group's and the Company's lease liabilities as at 31 December 2019 were Rp3,714,117,000 and Rp3,391,267,000 respectively.

4. REVENUE

	Group	
	2019	**2018**
	Rp'000	**Rp'000**
By geographical regions		
Indonesia	**262,153,340**	338,577,890
Type of good or service		
Crude Palm Oil	**235,630,307**	306,151,110
Palm kernels	**26,523,033**	32,426,780
	262,153,340	338,577,890

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. COST OF SALES

	Group	
	2019	2018
	Rp'000	Rp'000
Cost of inventories recognised as expense	**261,095,856**	307,888,774
The above comprised the following:		
Changes in inventories of finished goods and fresh fruit bunches	**121,794,324**	143,348,033
Employee benefits expense – Direct labour	**42,800,461**	45,397,747
Depreciation of property, plant and equipment	**11,429,921**	11,122,041
Depreciation of bearer plants	**6,427,706**	8,456,273
Amortisation of operating use rights	**43,311**	43,311
Direct overheads	**78,600,133**	99,521,369
	261,095,856	307,888,774

6. INTEREST INCOME

	Group	
	2019	2018
	Rp'000	Rp'000
Interest income from:		
– bank balances and short-term deposits	**2,999,064**	5,281,990
– Plasma plantation receivables	**4,244,128**	5,086,661
	7,243,192	10,368,651

7. OTHER INCOME

	Group	
	2019	2018
	Rp'000	Rp'000
Changes in fair value of financial assets at FVTPL	**222,011**	8,732
Gain on disposal of bearer plants	**2,145,025**	–
Gain on disposal of club memberships	**78,226**	305,364
Gain on disposal of property, plant and equipment	**101,042**	–
Sundry income from sale of sludge and kernel shells	**3,976,247**	2,038,178
Government grant	**–**	11,383
Reversal of accrued expenses	**–**	458,802
Compensation from insurance claim	**48,316**	258,150
Foreign exchange gain, net	**881,023**	–
Sundry income	**282,940**	338,201
	7,734,830	3,418,810

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. FINANCE COSTS

	Group	
	2019	2018
	Rp'000	Rp'000
Interest expense on:		
– borrowing	42,326	7,038
– lease liabilities (Note 26)	228,131	–
	270,457	7,038

9. LOSS BEFORE INCOME TAX

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

	Group	
	2019	2018
	Rp'000	Rp'000
Distribution expenses		
Freight and stevedoring expenses	1,703,766	416,816
Administrative expenses		
Amortisation of right-of-use assets	1,125,207	–
Audit fees		
– Auditors of the Company	1,015,843	873,201
– Other auditors	295,000	260,000
Non-audit fees		
– Auditors of the Company	–	–
– Other auditors	–	–
Bank charges	39,937	76,563
Depreciation of property, plant and equipment	1,055,813	1,052,033
Entertainment expenses	1,363,689	1,006,013
Employee benefits expense[(1)]		
– Salaries, wages and bonuses	27,743,256	30,550,945
– Employer's contributions to defined contribution plans	322,151	375,445
– Post-employment benefits	5,851,445	5,264,962
Lease expenses on low value asset	21,813	–
Operating lease expense – office premises and other office facilities	–	1,130,309
Professional fees	4,594,192	4,409,191
Transportation, travelling and accommodation expenses	1,228,827	886,623
Other expenses		
Area survey expenses	339,243	485,399
Bearer plants written off	2,757,299	–
Deferred charges written back	–	(3,628,500)
Foreign exchange loss, net	–	3,058,992
Loss on disposal of property, plant and equipment	–	8,153
Property, plant and equipment written off	161,479	–
Renewal of land permit expenses	141,033	1,684,618

(1) Employee benefits expense includes key management personnel remuneration as disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. INCOME TAX EXPENSE

	Group 2019 Rp'000	Group 2018 Rp'000
Current income tax		
– current financial year	**83,096**	–
– overprovision in prior financial years	**–**	(665,781)
– withholding tax on interest income	**827,856**	755,790
	910,952	90,009
Deferred income tax		
– current financial year	**(467,033)**	2,956,742
– underprovision in prior financial years	**1,161,005**	–
	693,972	2,956,742
Total income tax expense recognised in profit or loss	**1,604,924**	3,046,751

Reconciliation of effective tax rate

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

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

	Group 2019 Rp'000	Group 2018 Rp'000
Loss before income tax	**(39,060,853)**	(4,462,848)
Income tax calculated at 25%	**(9,765,213)**	(1,115,712)
Tax effect of income not subject to tax	**(2,677,794)**	(5,289,968)
Tax effect of expenses not deductible	**3,084,641**	5,701,571
Under/(Over)provision in prior financial years	**1,161,005**	(665,781)
Withholding tax on interest income	**827,856**	755,790
Effect of different income tax rate of entities operating in other jurisdiction	**(280,347)**	3,795,452
Deferred tax assets not recognised in profit or loss	**10,666,012**	–
Tax rebate	**(1,034,517)**	–
Others	**(376,719)**	(134,601)
	1,604,924	3,046,751

Income tax recognised in other comprehensive income

	Group 2019 Rp'000 Before tax	2019 Rp'000 Tax	2019 Rp'000 Net of tax	2018 Rp'000 Before tax	2018 Rp'000 Tax	2018 Rp'000 Net of tax
Remeasurement of post-employment benefits	(1,829,881)	457,470	(1,372,411)	6,609,096	(1,652,274)	4,956,822

11. LOSS PER SHARE

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

	Group	
	2019	2018
The calculation of basic and diluted loss per share is based on:		
Loss for the financial year attributable to owners of the parent (Rp'000)	(38,512,724)	(7,395,850)
Weighted average number of ordinary shares after share consolidation ('000)	196,023	196,328

12. BEARER PLANTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. BEARER PLANTS (CONTINUED)

	Mature oil palm plantations Rp'000	Immature oil palm plantations Rp'000	Land preparation cost Rp'000	Nurseries Rp'000	Total Rp'000
Group					
Cost					
Balance as at 1.1.2018	157,592,641	19,727,207	3,174,230	8,220,977	188,715,055
Additions	–	6,301,823	4,562,673	2,670,891	13,535,387
Reclassification	–	4,462,811	(1,101,085)	(3,361,726)	–
Balance as at 31.12.2018	157,592,641	30,491,841	6,635,818	7,530,142	202,250,442
Accumulated depreciation					
Balance as at 1.1.2018	78,638,627	–	–	–	78,638,627
Depreciation for the financial year	8,456,273	–	–	–	8,456,273
Balance as at 31.12.2018	87,094,900	–	–	–	87,094,900
Carrying amount					
Balance as at 31.12.2018	70,497,741	30,491,841	6,635,818	7,530,142	115,155,542

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and infrastructure Rp'000	Machinery and equipment Rp'000	Transportation equipment and motor vehicles Rp'000	Office equipment Rp'000	Construction-in-progress Rp'000	Total Rp'000
Group						
Cost						
Balance as at 1.1.2018	91,394,760	77,267,102	62,937,253	3,517,599	2,803,764	237,920,478
Additions	264,463	1,809,842	3,858,636	303,594	7,442,492	13,679,027
Disposals	–	–	(233,790)	–	–	(233,790)
Reclassification	9,072,075	–	–	–	(9,072,075)	–
Currency translation differences	–	–	82,123	81,036	–	163,159
Balance as at 31.12.2018	100,731,298	79,076,944	66,644,222	3,902,229	1,174,181	251,528,874
Accumulated depreciation						
Balance as at 1.1.2018	29,007,537	35,995,571	36,803,685	2,663,868	–	104,470,661
Depreciation for the financial year	3,881,603	3,105,590	4,986,793	200,088	–	12,174,074
Disposals	–	–	(90,485)	–	–	(90,485)
Currency translation differences	–	–	82,123	76,927	–	159,050
Balance as at 31.12.2018	32,889,140	39,101,161	41,782,116	2,940,883	–	116,713,300
Carrying amount						
Balance as at 31.12.2018	67,842,158	39,975,783	24,862,106	961,346	1,174,181	134,815,574

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles Rp'000	Office equipment Rp'000	Total Rp'000
Company			
Cost			
Balance as at 1.1.2019	1,854,872	1,886,021	3,740,893
Currency translation differences	(49,372)	(50,201)	(99,573)
Balance as at 31.12.2019	1,805,500	1,835,820	3,641,320
Accumulated depreciation			
Balance as at 1.1.2019	1,854,872	1,776,983	3,631,855
Depreciation for the financial year	–	55,989	55,989
Currency translation differences	(49,372)	(47,655)	(97,027)
Balance as at 31.12.2019	1,805,500	1,785,317	3,590,817
Carrying amount			
Balance as at 31.12.2019	–	50,503	50,503
Cost			
Balance as at 1.1.2018	1,772,749	1,737,924	3,510,673
Additions	–	67,061	67,061
Currency translation differences	82,123	81,036	163,159
Balance as at 31.12.2018	1,854,872	1,886,021	3,740,893
Accumulated depreciation			
Balance as at 1.1.2018	1,772,749	1,652,551	3,425,300
Depreciation for the financial year	–	47,505	47,505
Currency translation differences	82,123	76,927	159,050
Balance as at 31.12.2018	1,854,872	1,776,983	3,631,855
Carrying amount			
Balance as at 31.12.2018	–	109,038	109,038

Transportation equipment and motor vehicles of the Group with carrying amount of Rp1,063,750,000 (2018: Rp203,662,000) were acquired under bank borrowing (Note 25).

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

	Group 2019 Rp'000	Group 2018 Rp'000
Additions of property, plant and equipment	26,250,824	13,679,027
Acquired under bank borrowing	(805,000)	–
Cash payments to acquire property, plant and equipment	25,445,824	13,679,027

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. RIGHT-OF-USE ASSETS

	Group Rp'000	Company Rp'000
Cost		
Balance as at 1.1.2019	–	–
– Adoption of SFRS(I) 16 (Note 2.1)	4,937,989	4,415,314
	4,937,989	4,415,314
Amortisation for the financial year	(1,125,207)	(910,601)
Currency translation differences	(111,723)	(111,723)
Balance as at 31.12.2019	3,701,059	3,392,990

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

15. INVESTMENTS IN SUBSIDIARIES

	Company 2019 Rp'000	Company 2018 Rp'000
Unquoted equity shares in corporations, at cost		
Balance as at the beginning of the financial year	768,439,502	688,529,042
Addition	–	47,500,000
Currency translation differences	(20,454,334)	32,410,460
Balance as at the end of the financial year	747,985,168	768,439,502

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 2019 %	Proportion of ownership interest held by the Group 2018 %	Proportion of ownership interest held by non-controlling interest 2019 %	Proportion of ownership interest held by non-controlling interest 2018 %
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (Continued)

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	
		2019 %	2018 %	2019 %	2018 %
Held by Global Palm Resources Private Limited (Continued)					
PT Bumi Raya Agro[4] (Indonesia)	Trading, agriculture, plantation and industry	95	–	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 Bambang & Rekan, Indonesia, a member firm of BDO International Limited
[4] Audited by KAP Y. Santosa dan Rekan, Indonesia, a member firm of Praxity, Global Alliance of Independent Firms

Additional investments in subsidiaries

In previous financial year, the Company increased the share capital of its wholly-owned subsidiary, Global Palm Resources Private Limited ("GPRPL") by Rp47,500,000,000 from Rp498,562,529,000 to Rp546,062,529,000.

In previous financial year, the Company's wholly owned subsidiary, GPRPL increased the share capital of its subsidiary, PT Prakarsa Tani Sejati by Rp47,500,000,000 and non-controlling interest contributed Rp2,500,000,000.

Acquisition of subsidiary

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

The fair values of the identifiable assets and liabilities of PT Bumi Raya Agro as at the date of acquisition were:

	Fair value recognised on date of acquisition 2019 Rp'000
Deferred charges	24,789,321
Other receivables	1,000
Cash and cash equivalents	36,359
	24,826,680

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiary (Continued)

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

	Fair value recognised on date of acquisition 2019 Rp'000
Other payables	(396,570)
Deferred tax liabilities	(3,150,958)
	(3,547,528)
Net identifiable assets at fair value	21,279,152

The deferred charges of Rp24,789,321,000 includes a fair value adjustment of Rp18,535,049,000. The deferred tax liabilities of Rp3,150,958,000 are provided in regards to the fair value adjustment.

	2019 Rp'000
Consideration for acquisition of 95% equity interest	
– Refundable deposit paid in previous financial year	18,000,000
– Amount due to related party	5,229,514
– Cash paid during the financial year	388,911
Total consideration	23,618,425
Less: 95% share of net identifiable assets at fair value	(20,215,195)
Capital reserve[1]	3,403,230

(1) No goodwill was recognised upon acquisition of the above subsidiary as the transaction is business combination under common control. Any difference between consideration paid for the acquisition and net assets acquired is recognised directly to equity.

Non-Controlling interest in PT Bumi Raya Agro at the acquisition date is Rp1,063,957,000, measured at the non-controlling interests' proportionate share of net identifiable assets at fair value.

The acquired subsidiary has yet to commence its operation. Hence, the impact of acquisition on profit or loss are not material.

Transaction costs related to the acquisition of Rp208,096,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2019.

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

	2019 Rp'000
Total consideration paid during the financial year	388,911
Less: Cash and cash equivalents of subsidiary acquired	(36,359)
Net cash outflow on acquisition	352,552

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. 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	
	2019	**2018**
	Rp'000	**Rp'000**
Revenue	**262,153,340**	338,577,890
(Loss)/Profit before income tax	**(42,261,446)**	681,744
Income tax expense	**(541,973)**	(2,956,742)
Loss for the financial year	**(42,803,419)**	(2,274,998)
Loss allocated to NCI	**(2,140,171)**	(113,749)
Other comprehensive (loss)/income allocated to NCI	**(68,620)**	247,841
Total comprehensive (loss)/income allocated to NCI	**(2,208,791)**	134,092
Dividend paid to NCI	**–**	–
Cash flows from/(used in) operating activities	**96,288,806**	(12,160,573)
Cash flows used in investing activities	**(46,550,600)**	(26,903,202)
Cash flows (used in)/from financing activities	**(9,340,391)**	41,901,058
Net cash inflows	**40,397,815**	2,837,283
Assets:		
Current assets	**321,779,882**	319,488,934
Non-current assets	**336,377,564**	309,588,309
Liabilities:		
Current liabilities	**(309,910,362)**	(241,642,624)
Non-current liabilities	**(44,424,122)**	(39,435,827)
Net assets	**303,822,962**	347,998,792
Accumulated non-controlling interests	**15,191,148**	17,399,940

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. PLASMA PLANTATION RECEIVABLES

	Group	
	2019	2018
	Rp'000	Rp'000
Plasma plantation receivables	**62,590,567**	61,545,809
Less: Loss allowance	**(2,426,974)**	(2,017,703)
	60,163,593	59,528,106
Less: Current portion (Note 21)	**(10,877,467)**	(10,019,605)
Non-current portion	**49,286,126**	49,508,501

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

As at 31 December 2019, management determined there is a significant increase in credit risk and an additional loss allowance on Plasma plantation receivables of Rp409,271,000 was recognised during the financial year ended 31 December 2019 using lifetime ECL.

Based on the management's estimate, the Plasma plantation receivables is expected to be repaid within the next 2 to 20 years when the Plasma plantations have a remaining maturity period of 14 to 20 years. Management also determined that Plasma plantation receivables of Rp10,877,467,000 (2018: Rp10,019,605,000) is expected to be recovered within the next financial year and classified as current receivables. The remaining balance of Rp49,286,126,000 (2018: 49,508,501,000) was estimated to be recovered by 2039 (2018: 2037).

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

	Group	
	2019	2018
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**2,017,703**	–
Loss allowance recognised during the financial year	**409,271**	2,017,703
Balance as at the end of the financial year	**2,426,974**	2,017,703

Plasma plantation receivables are denominated in Indonesian rupiah.

17. OPERATING USE RIGHTS

	Group	
	2019	2018
	Rp'000	Rp'000
Cost		
Balance as at the beginning and the end of the financial year	**1,385,326**	1,385,326
Accumulated amortisation		
Balance as at the beginning of the financial year	**881,414**	838,103
Amortisation for the financial year	**43,311**	43,311
Balance as at the end of the financial year	**924,725**	881,414
Carrying amount		
Balance as at the end of the financial year	**460,601**	503,912

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

	Group	
	2019	2018
	Years	Years
Remaining amortisation period	**10**	11

18. DEFERRED CHARGES

	Group	
	2019	2018
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**9,713,818**	6,194,318
Additions	**2,634,814**	–
Acquisition of subsidiary (Note 15)	**24,789,321**	–
Refunds for deferred charges	**–**	(109,000)
Write-back	**–**	3,628,500
Balance as at the end of the financial year	**37,137,953**	9,713,818

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.

In previous financial year, the Group reversed Rp3,628,500,000 of a deferred charges that has been written off in prior financial year. The Group has renewed the related land location permit. The amount reversed was included in "Other expenses" in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. BIOLOGICAL ASSETS

	Group	
	2019	2018
	Rp'000	Rp'000
At fair value		
Balance as at the beginning of the financial year	**7,995,100**	1,689,697
Changes in fair value less estimated point-of-sale costs	**1,392,700**	6,305,403
Balance as at the end of the financial year	**9,387,800**	7,995,100

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

During the financial year, the Group harvested approximately 82,195 (2018: 111,266) tonnes of FFB.

As at the end of the financial year, the Group has estimated the quantity of biological assets, based on the FFB production yield, to be approximately 6,006.90 tonnes (2018: 8,412.07) tonnes of FFB. The fair value of FFB was determined with reference to their market prices.

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

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

(i) FFB production yield from the respective stages of maturity of the mature oil palm plantation used to estimate the quantity of FFB based on management inspection on actual condition of un-harvested FFB growing on trees as at the end of the financial year and comparison to industry peers;

(ii) the market selling prices of FFB as at the end of the financial year, issued by the plantation authority of West Kalimantan Province;

(iii) the discount rate; and

(iv) the transportation costs, maintenance costs and the cost of harvesting (estimated point-of-sale costs).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. INVENTORIES

	Group	
	2019	2018
	Rp'000	Rp'000
Finished goods	**16,317,473**	42,388,760
Production supplies	**11,336,922**	12,565,268
Fresh fruit bunches	**103,300**	137,211
	27,757,695	55,091,239

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	Rp'000	Rp'000	Rp'000	Rp'000
Trade receivables – third parties	**2,002,321**	8,710,925	**–**	–
Other receivables				
– subsidiaries	**–**	–	**9,920,667**	9,904,021
– related parties	**156,400**	776,770	**–**	–
– third parties	**2,203,862**	3,170,220	**25,045**	95,561
– Plasma plantation receivables (Note 16)	**10,877,467**	10,019,605	**–**	–
– loans to subsidiaries	**–**	–	**248,975,268**	189,492,766
	13,237,729	13,966,595	**258,920,980**	199,492,348
VAT recoverable	**530,009**	–	**–**	–
Refundable deposits	**1,955,461**	19,777,774	**1,789,146**	1,611,451
	17,725,520	42,455,294	**260,710,126**	201,103,799

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

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

Except for an amount of Rp236,791,077,000 (2018: Rp170,715,995,000) which bear interest at 1.5% to 2.5% above SIBOR per annum, the loans to subsidiaries are unsecured, interest free and repayable on demand.

In previous financial year, the Group has entered into the following conditional sale and purchase agreements with:

a) PT Bumiraya Utama ("PT BRU") to acquire 5,616,350 ordinary shares, representing approximately 94.98% of the issued and paid up capital of PT Bumi Raya Agro at a purchase consideration of Rp23,614,221,000; and

b) Mr Swandono Adijanto to acquire 1,000 ordinary share representing approximately 0.02% of the issued and paid-up share capital of PT Bumi Raya Agro at a purchase consideration of Rp4,204,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

The refundable deposit amounting to Rp18,000,000,000 which was paid to PT BRU in previous financial year in regards to sale and purchase agreements above, has been capitalised as cost of investment in subsidiary in the financial statement of the Company's subsidiary, Global Palm Resources Private Limited, during the financial year.

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

	Group		Company	
	2019	2018	2019	2018
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**15,380,998**	40,813,008	**77,887,105**	50,798,314
Singapore dollar	**633,020**	420,851	**181,641,528**	149,084,050
Malaysian ringgit	**1,181,493**	1,215,056	**1,181,493**	1,215,056
United States dollar	**–**	6,379	**–**	6,379
	17,195,511	42,455,294	**260,710,126**	201,103,799

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2019	2018
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**1,738,022**	1,729,290
Disposals	**(1,811,353)**	–
Changes in fair value during the financial year (Note 7)	**222,011**	8,732
Balance as at the end of the financial year	**148,680**	1,738,022
Comprising:		
Listed securities:		
Equity securities – Indonesia	**148,680**	1,738,022

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

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

The quoted equity securities are denominated in Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	Rp'000	Rp'000	Rp'000	Rp'000
Cash and bank balances	**27,375,225**	36,619,080	**4,481,714**	9,737,946
Fixed deposits with banks	**235,746,017**	252,472,023	**9,813,237**	64,995,622
	263,121,242	289,091,103	**14,294,951**	74,733,568

The interest rates on the fixed deposits range from 0.35% to 6.50% (2018: 0.35% to 5.25%) per annum and have a tenure of 9 to 92 (2018: 5 to 87) days.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2019	2018	2019	2018
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**40,209,960**	45,283,029	**30,951**	21,671,613
Singapore dollar	**157,027,172**	171,428,538	**12,365,052**	11,819,518
United States dollar	**65,884,110**	72,379,536	**1,898,948**	41,242,437
	263,121,242	289,091,103	**14,294,951**	74,733,568

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	Rp'000	Rp'000	Rp'000	Rp'000
Trade payables – third parties	**17,370,788**	14,914,497	**–**	–
Other payables				
– related parties	**7,520,029**	–	**–**	–
– third parties	**445,230**	2,408,558	**–**	–
	7,965,259	2,408,558	**–**	–
VAT payable	**–**	2,123,630	**–**	–
Other taxes payable	**677,867**	1,033,520	**–**	–
Accrued operating expenses	**8,010,227**	7,422,490	**1,312,785**	1,067,972
Advances from customers	**16,547,800**	2,880,000	**–**	–
	50,571,941	30,782,695	**1,312,785**	1,067,972

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES (CONTINUED)

Movements in advances from customers:

	Group	
	2019	2018
	Rp'000	Rp'000
Balance as at the beginning of the financial year	2,880,000	–
Amount recognised as revenue	(2,880,000)	–
Cash received in advance of performance and not recognised as revenue	16,547,800	2,880,000
Balance as at the end of the financial year	16,547,800	2,880,000

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

	Group		Company	
	2019	2018	2019	2018
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	31,906,494	23,549,373	–	–
Singapore dollar	1,439,780	1,196,172	1,312,785	1,067,972
	33,346,274	24,745,545	1,312,785	1,067,972

25. BANK BORROWING

	Group	
	2019	2018
	Rp'000	Rp'000
Bank loan -secured		
Non-current	72,004	–
Current	410,907	25,093
	482,911	25,093

As at 31 December 2019, the bank loan bear an interest rate at 4.25% (2018: 4.69%) with maturity date in 2021 (2018: 2019).

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

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

The bank borrowing is denominated in Indonesian rupiah.

26. LEASE LIABILITIES

	Group Rp'000	Company Rp'000
Balance as at 1.1.2019	–	–
– Adoption of SFRS(I) 16 (Note 2.1)	4,764,291	4,241,616
	4,764,291	4,241,616
Interest expense (Note 8)	228,131	185,944
Lease payments		
– Principal portion	(942,001)	(742,176)
– Interest portion	(228,131)	(185,944)
Currency translation differences	(108,173)	(108,173)
Balance as at 31.12.2019	3,714,117	3,391,267

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

	Group 2019 Rp'000	Company 2019 Rp'000
Contractual undiscounted cash flows		
– Not later than a year	1,221,927	991,026
– Between one and two years	1,111,026	991,026
– Between two and five years	1,734,297	1,734,297
	4,067,250	3,716,349
Less: Future interest expense	(353,133)	(325,082)
Present value of lease liabilities	3,714,117	3,391,267
Presented in statements of financial position		
– Non-current	2,660,219	2,546,324
– Current	1,053,898	844,943
	3,714,117	3,391,267

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

As at 31 December 2019, the incremental borrowing rate applied were range from 4.86% to 9.75%.

The lease liabilities are denominated in the following currencies:

	Group 2019 Rp'000	Company 2019 Rp'000
Indonesian rupiah	322,850	–
Singapore dollar	3,391,267	3,391,267
	3,714,117	3,391,267

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. PROVISION FOR POST-EMPLOYMENT BENEFITS

	Group	
	2019	2018
	Rp'000	Rp'000
Present value of retirement benefit obligations	(49,833,866)	(41,938,565)
Fair value of plan assets	15,458,813	12,281,406
	(34,375,053)	(29,657,159)

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

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

	2019	2018
Discount rate	7.5% per annum	8.5% 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
Average duration	14.39 years	15.02 years
Method	Projected unit credit	Projected unit credit

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

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

In 2020, the Group expects to contribute Rp4,200,000,000 into the Plan.

27. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of post-employment benefits

	Group	
	2019	**2018**
	Rp'000	**Rp'000**
Balance, representing present value of obligation, as at the beginning of the financial year	**41,938,565**	52,364,714
Included in profit or loss		
Current service costs	**3,575,532**	3,089,031
Interest costs	**3,410,827**	2,957,358
	6,986,359	6,046,389
Provision utilised during the financial year	**(822,379)**	(9,333,741)
Included in other comprehensive income		
Remeasurement of post-employment benefits from:		
– Financial assumptions	**3,233,044**	(4,872,292)
– Experience adjustments	**(1,501,723)**	(2,266,505)
	1,731,321	(7,138,797)
Balance, representing present value of obligation, as at the end of the financial year	**49,833,866**	41,938,565
Reconciliation of fair value of the plan assets:		
Balance as at the beginning of the financial year	**12,281,406**	10,296,797
Included in profit or loss		
Interest	**1,134,914**	781,427
Included in other comprehensive income		
Return on plan assets (excluding interest)	**(98,560)**	(529,701)
Others		
Employer contributions	**2,963,432**	11,066,624
Benefits paid	**(822,379)**	(9,333,741)
	2,141,053	1,732,883
Balance as at the end of the financial year	**15,458,813**	12,281,406

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

	Group	
	2019	**2018**
	Rp'000	**Rp'000**
Fixed income	**12,356,373**	9,774,343
Syariah fund	**3,102,440**	2,507,063
	15,458,813	12,281,406

NOTES TO THE FINANCIAL STATEMENTS

27. 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	Decrease Rp'000
2019			
Discount rate	**1%**	**(3,764,655)**	**4,336,928**
Wages and salary growth rate	**1%**	**4,821,967**	**(4,193,199)**
Mortality rate	**1%**	**1,965**	**(1,966)**
2018			
Discount rate	1%	(3,100,284)	3,563,003
Wages and salary growth rate	1%	3,999,752	(3,479,284)
Mortality rate	1%	2,488	(2,488)

28. PROVISION FOR RESTORATION

	Group and Company 2019 Rp'000	2018 Rp'000
Balance as at the beginning of the financial year	**–**	–
– Adoption of SFRS(I) 16 (Note 2.1)	**166,360**	–
	166,360	–
Currency translation differences	**(4,428)**	–
Balance as at the end of the financial year	**161,932**	–

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

29. DEFERRED TAX LIABILITIES

	Group 2019 Rp'000	2018 Rp'000	Company 2019 Rp'000	2018 Rp'000
Balance as at the beginning of the financial year	**10,005,253**	5,386,206	**226,585**	216,554
Acquisition of subsidiary (Note 15)	**3,150,958**	–	**–**	–
Charged to profit or loss	**693,972**	2,956,742	**151,959**	–
(Credited)/Charged to other comprehensive income	**(457,470)**	1,652,274	**–**	–
Currency translation differences	**(6,998)**	10,031	**(6,998)**	10,031
Balance as at the end of the financial year	**13,385,715**	10,005,253	**371,546**	226,585

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. 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 domestic income tax rate:

	Biological assets Rp'000	Property, plant and equipment Rp'000	Bearer plants, operating use rights and deferred charges Rp'000	Unremitted earnings Rp'000	Provision for post-employment benefits Rp'000	Total Rp'000
Group						
Balance as at 1.1.2018	422,424	13,230,889	2,033,318	216,554	(10,516,979)	5,386,206
Charged/(Credited) to profit or loss	1,576,350	202,966	(272,990)	–	1,450,416	2,956,742
Charged to other comprehensive income	–	–	–	–	1,652,274	1,652,274
Foreign currency translation	–	–	–	10,031	–	10,031
Balance as at 31.12.2018	1,998,774	13,433,855	1,760,328	226,585	(7,414,289)	10,005,253
Acquisition of subsidiary (Note 15)	–	–	3,150,958	–	–	3,150,958
Charged/(Credited) to profit or loss	348,175	1,275,083	(359,242)	151,959	(722,003)	693,972
Credited to other comprehensive income	–	–	–	–	(457,470)	(457,470)
Foreign currency translation	–	–	–	(6,998)	–	(6,998)
Balance as at 31.12.2019	2,346,949	14,708,938	4,552,044	371,546	(8,593,762)	13,385,715

	Unremitted earnings Rp'000
Company	
Balance as at 1.1.2018	216,554
Foreign currency translation	10,031
Balance as at 31.12.2018	226,585
Charged to profit or loss	151,959
Foreign currency translation	(6,998)
Balance as at 31.12.2019	371,546

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. DEFERRED TAX LIABILITIES (CONTINUED)

The Group and the Company has recognised deferred tax liabilities on unremitted earning , pertaining to interest income, amounting to approximately Rp371,546,000 (2018: Rp226,585,000) during the financial year.

Temporary differences on the undistributed earnings of the subsidiary for which no withholding tax liability has been recognised amounted to approximately Rp218,822,962,000 (2018: Rp262,998,791,000) as the Group does not expect to distribute such earnings in the foreseeable future. Such withholding tax liability is estimated to be Rp21,882,296,000 (2018: Rp26,299,879,000).

Unrecognised deferred tax assets

	Group 2019 Rp'000
Unutilised tax losses	
Balance as at the beginning of the financial year	–
Deferred tax assets not recognised in profit or loss	10,666,012
Adjustments	3,992,257
Balance as at the end of the financial year	14,658,269

Deferred tax asset have not been recognised in respect of the unutilised tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. As at the end of the financial year, the Group had unutilised tax losses of approximately Rp 58,633,077,000 available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. These unutilised tax losses expire between 2023 and 2024.

30. SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares			
	'000	'000	Rp'000	Rp'000
Issued and paid up				
Balance as at the beginning and end of the financial year	206,484	206,484	681,817,047	681,817,047
Treasury shares				
Balance as at the beginning of the financial year	10,212	10,030	33,949,183	33,315,737
Shares re-acquired and held as treasury shares	374	182	826,419	633,446
Balance as at the end of the financial year	10,586	10,212	34,775,602	33,949,183
Balance as at the end of the financial year (excluding treasury shares)	195,898	196,272	647,041,445	647,867,864

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 374,000 (2018: 182,000) of its ordinary shares in the open market during the financial year. The total amount paid to acquire these shares was Rp826,419,000 (2018: Rp633,446,000) and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. CAPITAL RESERVE

The capital reserve arises from a common control transaction accounted for using the 'acquisition' method.

32. FOREIGN CURRENCY TRANSLATION RESERVE

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

33. DIVIDEND

	Group and Company	
	2019	2018
	Rp'000	Rp'000
Final tax-exempt dividend of S$0.01 (approximately Rp106.03) per ordinary share in respect of financial year ended 31 December 2017	–	20,515,925

The Board of Directors of the Company did not recommend any dividend in respect of the financial year ended 31 December 2019.

34. COMMITMENTS

34.1 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	
	2019	2018
	Rp'000	Rp'000
Property, plant and equipment	**4,499,580**	2,422,975

34.2 Operating lease commitments

As at 31 December 2018, commitments in respect of non-cancellable operating leases in respect of office premises and other office facilities are as follows:

	Group	Company
	2018	2018
	Rp'000	Rp'000
Future minimum lease payments payable:		
Not later than one year	779,986	659,986
Later than one year and not later than five years	–	–
	779,986	659,986

Non-cancellable operating leases as at 31 December 2018 initially run for an initial period of 3 to 5 years, with an option to renew for another 2 years, with no contingent rentals payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. COMMITMENTS (CONTINUED)

34.3 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	
	2019 Rp'000	2018 Rp'000
Sales	**113,897,360**	12,834,000

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2019 Rp'000	2018 Rp'000
Related parties		
Purchase of spare parts and fuel from related parties	**312,780**	243,047
Services received from related parties	**300,000**	300,000
Transportation charged by related parties	**274,993**	802,483
Rental of premises charged by related parties	**208,679**	164,339
Refundable deposit for acquisition paid to related parties	**–**	18,000,000
Advances to related parties	**–**	6,390,990

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

Key management personnel remuneration

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

	Group	
	2019 Rp'000	2018 Rp'000
Short-term benefits	**12,541,163**	14,852,560
Analysed into:		
Directors of the Company	**6,223,515**	8,117,695
Directors of the subsidiary	**2,189,997**	2,161,739
Other key management personnel	**4,127,651**	4,573,126
	12,541,163	14,852,560
Directors' fees	**1,909,337**	1,961,549

36. 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.

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

37.1 Financial instruments

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

	Group		Company	
	2019 Rp'000	2018 Rp'000	2019 Rp'000	2018 Rp'000
Financial assets				
Plasma plantation receivables[1]	**49,286,126**	49,508,501	**–**	–
Trade and other receivables[2]	**17,195,511**	42,455,294	**260,710,126**	201,103,799
Dividend receivable	**–**	–	**29,100,493**	34,667,609
Cash and cash equivalents	**263,121,242**	289,091,103	**14,294,951**	74,733,568
Financial assets at amortised cost	**329,602,879**	381,054,898	**304,105,570**	310,504,976
Financial assets at fair value through profit or loss	**148,680**	1,738,022	**–**	–
	329,751,559	382,792,920	**304,105,570**	310,504,976
Financial liabilities				
Trade and other payables[3]	**33,346,274**	24,745,545	**1,312,785**	1,067,972
Bank borrowing	**482,911**	25,093	**–**	–
Lease liabilities	**3,714,117**	–	**3,391,267**	–
Dividend payable to non-controlling interest	**–**	147,500	**–**	–
Financial liabilities at amortised cost	**37,543,302**	24,918,138	**4,704,052**	1,067,972

1 This represents the amount classified as non-current assets.
2 This excludes VAT recoverable.
3 This excludes VAT payable, other taxes payable and advances from customers.

37.2 Financial risks

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(a) Credit risks

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

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the Plasma plantation receivables amounting to Rp60,163,593,000 (2018: Rp59,528,106,000).

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries amounting to approximately Rp258,895,935,000 (2018: Rp199,396,787,000) which represented 99.3% (2018: 99.2%) of total trade and other receivables, and dividend receivable amounting to Rp29,100,493,000 (2018: Rp34,667,609,000).

Trade receivables

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

As at 31 December 2019, the Group's trade receivables are considered to be a low credit risk and subject to immaterial credit loss.

Other receivables, including subsidiaries and loans to subsidiaries (excluding Plasma plantation receivables)

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

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

Cash and cash equivalents

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

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

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(b) Market risks

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

Foreign currency risks

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

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

The Group's currency exposure is as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(b) Market risks (Continued)

Foreign currency risks (Continued)

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

	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Group					
2018					
Total financial assets	320,983,839	72,389,615	1,215,056	253,512,554	648,101,064
Total financial liabilities	(150,330,623)	–	–	(139,895,660)	(290,226,283)
Net financial assets	170,653,216	72,389,615	1,215,056	113,616,894	357,874,781
Less:					
Net financial assets denominated in the respective entities' functional currencies	(159,835,597)	–	–	12,294,035	(147,541,562)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	10,817,619	72,389,615	1,215,056	125,910,929	210,333,219

The Company's currency exposure is as follows:

	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Company				
2019				
Total financial assets	**1,898,948**	**1,181,493**	**77,918,047**	**80,998,488**
Total financial liabilities	**–**	**–**	**–**	**–**
Net currency exposure of financial assets	**1,898,948**	**1,181,493**	**77,918,047**	**80,998,488**
2018				
Total financial assets	41,248,816	1,215,056	107,137,536	149,601,408
Total financial liabilities	–	–	–	–
Net currency exposure of financial assets	41,248,816	1,215,056	107,137,536	149,601,408

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(b) Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2% (2018: 5%) change in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah against the Group entities' respective functional currency and the Company's sensitivity to a 2% (2018: 5%) change in United States dollar, Malaysian ringgit and Indonesian rupiah against the Company's functional currency (Singapore dollar). The sensitivity analysis assumes an instantaneous 2% (2018: 5%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah are included in the analysis.

	Increase/(Decrease) profit or loss	
	2019	2018
	Rp'000	Rp'000
Group		
Singapore dollar		
Strengthened against Indonesian rupiah	**(1,311,478)**	540,881
Weakened against Indonesian rupiah	**1,311,478**	(540,881)
United States dollar		
Strengthened against Indonesian rupiah	**1,317,682**	3,619,481
Weakened against Indonesian rupiah	**(1,317,682)**	(3,619,481)
Malaysian ringgit		
Strengthened against Singapore dollar	**23,630**	60,753
Weakened against Singapore dollar	**(23,630)**	(60,753)
Indonesian rupiah		
Strengthened against Singapore dollar	**1,558,361**	6,295,546
Weakened against Singapore dollar	**(1,558,361)**	(6,295,546)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(b) Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) profit or loss	
	2019	2018
	Rp'000	Rp'000
Company		
United States dollar		
Strengthened against Indonesian rupiah	**37,979**	2,062,441
Weakened against Indonesian rupiah	**(37,979)**	(2,062,441)
Malaysian ringgit		
Strengthened against Singapore dollar	**23,630**	60,753
Weakened against Singapore dollar	**(23,630)**	(60,753)
Indonesian rupiah		
Strengthened against Singapore dollar	**1,558,361**	5,356,877
Weakened against Singapore dollar	**(1,558,361)**	(5,356,877)

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

Interest rate risks

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

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

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(b) Market risks (Continued)

Interest rate risks (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial assets and liabilities at the end of the financial year. For variable rate financial assets, the analysis is prepared assuming the amount of financial assets outstanding at the end of the financial year was outstanding for the whole financial year. The sensitivity analysis assumes an instantaneous 50 basis point (2018: 50 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rate increases or decreases by 50 basis point (2018: 50 basis point), profit before income tax of the Company, will increase or decrease by:

	Company	
	2019	2018
	Rp'000	Rp'000
Loans to a subsidiary	**1,183,955**	853,580

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 32% (2018: 29%) higher or lower, with all variables held constant, loss before income tax would have been higher or lower by approximately Rp83,889,069,000 (2018: Rp98,187,588,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

37.2 Financial risks (Continued)

(c) Liquidity risks

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

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

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

	Not later than a year Rp'000	Between one and two year Rp'000	Between two and five years Rp'000
Group			
Financial liabilities			
2019			
Trade and other payables*	**33,346,274**	**–**	**–**
Bank borrowing	**436,714**	**72,785**	**–**
Lease liabilities	**1,221,927**	**1,111,026**	**1,734,297**
	35,004,915	**1,183,811**	**1,734,297**
2018			
Trade and other payables*	24,745,545	–	–
Bank borrowing	25,580	–	–
Dividend payable to non-controlling interest	147,500	–	–
	24,918,625	–	–
Company			
Financial liabilities			
2019			
Trade and other payables	**1,312,785**	**–**	**–**
Lease liabilities	**991,026**	**991,026**	**1,734,297**
	2,303,811	**991,026**	**1,734,297**
2018			
Trade and other payables	1,067,972	–	–

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

38. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

	Fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	Rp'000	**Rp'000**	**Rp'000**
Group			
2019			
Assets			
Financial assets at fair value through profit or loss	**148,680**	**–**	**–**
Biological assets	**–**	**–**	**9,387,800**
2018			
Assets			
Financial assets at fair value through profit or loss	1,738,022	–	–
Biological assets	–	–	7,995,100

(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.

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements

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

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

(ii) Valuation policies and procedures

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

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

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

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

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

Description	Fair value at 31 December 2019 Rp'000	Valuation technique used	Significant unobservable input	Quantitative information	Relationship of significant unobservable input to fair value
Biological assets	9,387,800 (2018: 7,995,100)	Income Approach (2018: Income Approach)	FFB production yield	6,006.90 tonnes (2018: 8,412.07 tonnes)	The higher the FFB production yield used to estimate the quantity of biological assets, the higher the fair value

39. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

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

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

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

40. EVENT SUBSEQUENT TO THE REPORTING DATE

Emergence of Coronavirus 2019 ("COVID-19")

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment. The Group will continue to assess the situation and put in place measures to minimise impact to our business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be reasonably ascertained.

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2020

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.28	250	0.00
100 – 1,000	184	10.17	156,425	0.08
1,001 – 10,000	1,073	59.31	5,235,850	2.67
10,001 – 1,000,000	540	29.85	27,527,875	14.05
1,000,001 AND ABOVE	7	0.39	162,977,900	83.20
TOTAL	**1,809**	**100.00**	**195,898,300**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GPR INVESTMENT HOLDINGS LIMITED	151,743,600	77.46
2	DBS NOMINEES (PRIVATE) LIMITED	3,349,850	1.71
3	RAFFLES NOMINEES (PTE.) LIMITED	2,232,050	1.14
4	OCBC SECURITIES PRIVATE LIMITED	1,963,400	1.00
5	NOMURA SINGAPORE LIMITED	1,452,000	0.74
6	LEE IN CHUN	1,190,000	0.61
7	CITIBANK NOMINEES SINGAPORE PTE LTD	1,047,000	0.53
8	LIM KUI TENG	1,000,000	0.51
9	SENG SOON HIANG	733,500	0.37
10	CHONG YEN CHAN	649,800	0.33
11	RHB SECURITIES SINGAPORE PTE. LTD.	610,000	0.31
12	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	500,000	0.26
13	NG TONG HUAT	438,200	0.22
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	422,525	0.22
15	SEE MENG HONG	400,000	0.20
16	GAN TIAM SIANG	347,900	0.18
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	287,000	0.15
18	LIM BOON SIANG	284,000	0.14
19	LIM CHOON THYE	260,000	0.13
20	CHIA LEE MENG RAYMOND	250,000	0.13
	TOTAL	**169,160,825**	**86.34**

No. of issued shares:	206,484,000
No. of issued shares (excluding treasury shares):	195,898,300
No. of treasury shares:	10,585,700
Percentage of treasury shares:	5.13%
Number of shareholders:	1,810
Class of shares:	Ordinary shares
Voting rights (excluding treasury shares):	1 vote per share*

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%**	Deemed Interest	%
GPR Investment Holdings Limited***	151,743,600	77.46%	–	–

Notes:

* Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.

** The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as of 24 March 2020, excluding 10,585,700 ordinary shares held as treasury shares as at that date.

*** GPR Investment Holdings Limited ("GPR Investment"), a Seychelles-domiciled company, is the private investment vehicle of the Adijanto Family Shareholders (which includes our Executive Chairman and CEO, Dr Suparno Adijanto) through which they hold interests in our Company. GPR Investment is wholly-owned by the Adijanto Family Shareholders, and none of them exercises control over GPR Investment or dominates decision-making, whether directly or indirectly, in relation to the financial and operating policies of GPR Investment.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 24 March 2020, approximately 22.54% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Information on Directors nominated for re-election at the Annual General Meeting for FYE 31 December 2019

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
Date of Appointment	Executive Director	Independent Director	Independent Director
Date of last re-appointment	25 April 2017	27 April 2018	27 April 2018
Age	33	70	67
Country of principal residence	Indonesia	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having reviewed and considered the Nominating Committee's assessment of Mr Ivan Swandono, is of the view that Mr Ivan Swandono possesses the appropriate skills, qualifications and working experience.	The Board having reviewed and considered the Nominating Committee's assessment of Mr Yee Kit Hong's qualifications and experience is of the view that Mr Yee Kit Hong possesses the requisite experience and capabilities to assume the responsibilities as Independent Director of the Company.	The Board having reviewed and considered the Nominating Committee's assessment of Mr M Rajaram's qualifications and experience is of the view that Mr M Rajaram possesses the requisite experience and capabilities to assume the responsibilities as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. His roles and responsibilities are to cover the business development and investment functions of the Group.	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Operating Officer	Lead Independent Director, AC Chairman and RC and NC Member	NC Chairman and AC and RC Member
Professional qualification	Bachelor in Mechanical Engineering from Purdue University in Indiana, USA	Bachelor in Accountancy from National University of Singapore	Bachelor of Laws (LLB) (Honours) from National University of Singapore and Masters in Business Administration from Maastricht School of Management

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
Working experience and occupation(s) during the past 10 years	May 2010 – January 2011: Intern in the Production & Labor Control Dept on Wood Working at Hong Yang Wood Industry Co Ltd, Jiangsu, China. January 2011 – September 2011: Intern in Site Management on Coal Mining at PT Insani Bara Perkasa in Samarinda, East Borneo, Indonesia. September 2011 – March 2012: Intern in Management & Operation Control on Oil Palm Plantation & Mill at PT Prakarsa Tani Sejati West Borneo, Indonesia. March 2012 – December 2012: Assistant to the Director of PT Prakarsa Tani Sejati, West Borneo, Indonesia. December 2012 – Present: Director of PT Prakarsa Tani Sejati, West Borneo, Indonesia. February 2013 – 9 November 2014: Acting Chief Operating Officer of Global Palm Resources Holdings Limited. 10 November 2014 – Present: Chief Operating Officer of Global Palm Resources Holdings Limited.	Partner at Kit Yee & Co	Partner at K&L Gates Straits Law LLC
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ivan Swandono is the nephew of the Executive Chairman and CEO, Mr Tan Hong Kiat @ Suparno Adijanto.	No	No
Conflict of Interest (including any competing business)	Director of PT Cemaru Lestari	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
Other Principal Commitments* Including Directorships#			
Past (for the last 5 years)	Nil	1. Yinda Infocomm Limited (Independent Director)	Nil
Present	Nil	1. Acromec Limited (Independent Director) 2. Koon Holdings Limited (Independent Director) 3. Nam Cheong Limited (Independent Director)	1. Hiap Seng Engineering Ltd (Independent Director)

***Principal commitments**
The term "**principal commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Directorships# – These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
(c) Whether there is any unsatisfied judgment against him	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he has so concerned with the entity or business trust?	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Ivan Swandono	Mr Yee Kit Hong	Mr M Rajaram
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Information required			
Disclosure applicable to the appointment of Director Only			
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N. A. This relates to his re-appointment as Director	N. A. This relates to his re-appointment as Director	N. A. This relates to his re-appointment as Director

Note:
The information in this section is as of 2 April 2020.

This page has been intentionally left blank

Global Palm
resources

GLOBAL PALM RESOURCES HOLDINGS LIMITED

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