Global Palm resources

RESPONSIBLE, EFFICIENT, COMMITTED

ANNUAL REPORT 2022

CONTENTS

ABOUT **OUR LOGO**

Global Palm
resources

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

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

Gold represents sunshine, which enables our oil palms to grow and flourish.

Blue represents water, an essential element for the sustenance of all living beings, including our oil palms.

Green reflects the natural environment within which our oil palms thrive and bear fruit.

Red represents the nutrient-rich soil which serves as a catalyst for growth of our oil palms.

The last gold resembles the golden hue of our palm oil and represents our core value of excellence.

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

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

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

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

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

CORPORATE **PROFILE**

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

Global Palm Resource's plantations and mill is strategically located in West Kalimantan, East Kalimantan and Central Sulawesi, Indonesia, where the climatic conditions are highly suitable for oil palm cultivation. Since its founding in 1991, the Group total land bank (including plasma) has grown to 43,349 hectares ("ha"), of which about 35.0% is under cultivation. As at 31 December 2022, approximately 92.8% 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 are also actively contributing in the areas of education, social, and cultural welfare.

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

Overview of Global Palm Resources as at 31 December 2022

West Kalimantan
East Kalimantan
Central Sulawesi
Location of our plantations and mill, where the climatic conditions are highly suitable for oil palm cultivation

43,349 ha (including plasma)
Size of our plantation, 35.0% of which is under cultivation. We have a total area of 28,215 ha available for future cultivation.

92.8% (including plasma)
Percentage of our oil palms which are in mature production stage

17.8 tonnes / ha (Nucleus only)
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

21.7%
CPO extraction rate

3.8%
PK extraction rate

GROUP **STRUCTURE**

SUBSIDIARIES

100%
Global Palm Resources Private Limited

- **95%** PT Prakarsa Tani Sejati
- **95%** PT Cemaru Lestari
- **95%** PT Bumi Raya Agro

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

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 13,480 ha 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. 1,231 ha replanted in FY2019.

2020

Successfully completed the acquisition of PT Cemaru Lestari. Total land bank (including plasma) at 43,348 ha as at 31 December 2020

2021

Successfully completed the purchase of office space in the Sudirman Central Business District at Jakarta

MESSAGE FROM OUR **CHAIRMAN AND CEO**

DEAR SHAREHOLDERS,

It is my pleasure to present to you Global Palm Resource's Chairman's Report for the Financial Year 2022. Despite the challenges posed by the pandemic, I am pleased to report that GPR has achieved considerable progress and growth in the year under review.

FY2022 continues to see strong performance for the Group, with our sales revenue from CPO, palm kernel, and Fresh Fruit Bunch increasing from Rp 535,455,179 in FY2021 to Rp 606,508,531 in the year under review.

The CPO price in the first half of 2022 hit record highs of over MYR 7,000 per metric ton. In June 2022, prices fell and hovered between MYR 3,500 and MYR 4,400 until the end of year. Although there was a decrease in prices, CPO prices in 2H 2022 were similar to the overall price trend in FY2021 and still higher than the past five-year average.

FINANCIAL PERFORMANCE

The Group posted a net profit attributable to shareholders of Rp72.1 billion (S$6.2 million) for the financial year ended 31 December 2022 ("FY2022"), compared to Rp71.9 billion (S$6.8 million) for the financial year ended 31 December 2021 ("FY2021").

MESSAGE FROM OUR **CHAIRMAN AND CEO**

The Group's revenue for FY2022 increased Rp71.1 billion (S$6.1 million) or 13%, from Rp535.5 billion (S$50.8 million) in FY2021 to Rp606.5 billion (S$52.0 million) in FY2022. This was mainly due to the increase in Crude Palm Oil ("CPO") sales revenue of Rp37.9 billion (S$3.2 million), increase in Palm Kernel ("PK") sales revenue of Rp14.2 billion (S$1.2 million) and the increase in Fresh Fruit Bunch ("FFB") sales revenue of Rp19.0 billion (S$1.6 million).

CPO sales volume maintained the same at 38,018 tonnes in both FY2022 and FY2021. CPO average selling price increased from Rp10,965/kg (S$1.04/kg) in FY2021 to Rp11,961/kg (S$1.03/kg) in FY2022. PK sales volume increased from 6,028 tonnes in FY2021 to 7,352 tonnes in FY2022. PK average selling price increased from Rp6,963/kg (S$0.66/kg) in FY2021 to Rp7,645/kg (S$0.66/kg) in FY2022. FFB sales volume increased from 31,706 tonnes in FY2021 to 38,478 tonnes in FY2022. FFB average selling price increased from Rp2,417/kg (S$0.23/kg) to Rp2,484/kg (S$0.21/kg) in FY2022.

Gross profit increased Rp52.2 billion (S$4.5 million) or 29%, from Rp180.9 billion (S$17.2 million) in FY2021 to Rp233.1 billion (S$20.0 million) in FY2022. Gross profit margin increased to 38.4% in FY2022, compared to 33.8% in FY2021.

During FY2022, the Group generated net cash from operating activities of Rp127.3 billion (S$10.9 million) as compared to Rp117.0 billion (S$11.1 million) in FY2021. Net cash used in investing activities decreased from Rp101.3 billion (S$9.6 million) in FY2021 to Rp72.8 billion (S$6.2 million) in FY2022. Net cash used in investing activities in FY2022 is mainly due to addition of fair value through OCI investments of Rp34.8 billion (S$3.0 million) and purchases of property, plant and equipment of Rp30.3 billion (S$2.6 million). Net cash used in financing activities decreased from Rp29.8 billion (S$2.8 million) in FY2021 to Rp19.6 billion (S$1.7 million) in FY2022. Net cash used in financing activities in FY2022 is mainly due to dividends paid to equity holders of the Company of Rp16.9 billion (S$1.5 million). The Group remains financially stable with cash resources amounting to Rp203.2 billion (S$17.4 million) as at 31 December 2022.

OUTLOOK AND STRATEGY

We highlight a few items which might affect the outlook for the palm oil industry. The ongoing effort of the United States Federal Reserve to control inflation has indirectly led a number of banking institutions to default. Depending on how the Federal Reserve reacts, the global economy could either accelerate or slow down further. The Chinese economy is opening up after years of strict anti-COVID19 measures, recently signaling that they will open the doors for tourism. This will increase the demand for palm oil from Chinese markets.

Global Palm Resources Holdings will continue to monitor the volatile global situation and make minor adjustments to our strategies where necessary to optimise value for our stakeholders.

APPRECIATION

We would like to thank our shareholders for their support and trust throughout this turbulent year.

Thank you to our Board of Directors, management team, and employees in their efforts to improve the efficiency and total output of our operations.

To our customers and business partners, thank you for the continuous support. We look forward to many more years of mutually beneficial cooperation.

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

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman and CEO

BOARD OF DIRECTORS

BOARD OF **DIRECTORS**

DR TAN HONG KIAT @ SUPARNO ADIJANTO

Executive Chairman and CEO

Appointed to our Board on 13 November 2009, Dr Suparno Adijanto is responsible for the overall operations of 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. Dr Suparno Adijanto is 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.

Served on the following Board committees
- Member, Nominating Committee
- Member, Risk Committee

Present directorships in other listed companies
Nil

Other principal commitments
- Commissioner, PT Resource Alam Indonesia TBK

Directorships in other listed companies held over the preceding three years
Nil

BOARD OF **DIRECTORS**

IVAN SWANDONO

Chief Operating Officer

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

Present directorships in other listed companies
Nil

Other principal commitments
- Commissioner, BPR Dana Tirta Raya
- Commissioner, PT Bumiraya Utama Lines
- Director, PT Adinaco Serasi
- Director, PT Bumisubur Lestaritani
- Director, PT Bumi Kencana Damai
- Director, PT Bumi Mentari Indah
- Director, PT Bumi Sakura Jaya
- Director, PT Bumi Prestis Jaya
- Director, PT Bumiraya Ritel Indonesia
- Director, PT Ketapang Indah Plywood
- Director, PT Khatulistiwa Indah Wood Industries
- Director, PT Kurnia Jaya Raya
- Director, PT Lestari Anugerah Ritel Indonesia Semesta
- Director, PT Mega Bauksit Nusantara
- Director, PT Sinar Kapuas Kalbar
- Director, PT Sejahtera Jaya Cita
- President Director, PT Bumiraya Utama Industries Logam
- President Director, PT Bumiraya Utama Wood Industries
- President Director, PT Bumi Kapuas Bauksit
- President Director, PT Cahaya Kalimantan Mineral
- President Director, PT Inti Saudara Lestari
- President Director, PT Sumber Mega Bauksit

Directorships in other listed companies held over the preceding three years
Nil

YEE KIT HONG

Lead Independent Director

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

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

Served on the following Board committees
- Chairman, Audit Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Present directorships in other listed companies
- Acrometa Group Limited
- Nam Cheong Ltd

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

Directorships in other listed companies held over the preceding three years
Koon Holdings Limited

BOARD OF **DIRECTORS**

M. RAJARAM
Independent Director

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

Served on the following Board committees
- Chairman, Nominating Committee
- Member, Audit Committee
- Member, Remuneration Committee
- Member, Risk Committee

Present directorships in other listed companies
- Hiap Seng Engineering Ltd

Other principal commitments
- Chairman, K&L Gates Straits Law LLC

Directorships in other listed companies held over the preceding three years

Nil

GUOK CHIN HUAT SAMUEL
Independent Director

Mr Guok was appointed to our Board on 16 March 2010 and is the Chairman of the Remuneration Committee and the Risk Committee, and a member of the Audit Committee and the 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.

Served on the following Board committees
- Chairman, Remuneration Committee
- Chairman, Risk Committee
- Member, Audit Committee
- Member, Nominating Committee

Present directorships in other listed companies
- Aedge Group Limited
- RE&S Holdings Ltd
- International Cement Group Ltd

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

Directorships in other listed companies held over the preceding three years
- Redwood Group Limited

EXECUTIVE **OFFICERS**

GE LUIYANTO YAMIN

Chief Financial Officer

Mr Luiyanto joined our Group as CFO in 2009. With over 30 years of experience in finance and accounting work, he oversees the internal control, project management, human resources, strategic planning and advisory-related matters of our Group's Indonesian operations. Mr Luiyanto was the Group Finance Manager of the Bumi Raya Group from 2000 to 2010 and the Finance Director and Corporate Secretary of PT Resource Alam Indonesia Tbk from 2007 to 2010. He also has accumulated extensive experience in finance and accounting from his past appointments, as director of operation in PT Nusadana Investama from 1997 to 1998, as director of finance in PT 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 2009 and is in charge of the identification, planning and execution of the effective development and implementation of projects relating to our Group's growth and expansion. Prior to his current role, Mr Lim joined the Bumi Raya Group in 1991 as a general manager in PT Bumiraya Utama Wood Industries and was responsible for its operations which included liaising with Indonesian governmental authorities for application for various licenses necessary for its business. From 1989 to 1991, Mr Lim was the vice-president of Thai Cane Paper Co Bangkok, where his responsibilities included overseeing the papermill's finance and administrative-related matters. From 1977 to 1989, Mr Lim worked as a branch manager of PT Bir Banjarmasin, a company which held logging concessions. From 1975 to 1976, he had worked as a rice distributor with PT Daya Kapuas Pontianak. Mr Lim graduated from the Secondary Economic School in 1975 where he specialised in book keeping. From 1982 to 1984, Mr Lim studied economics at the Lambung Mangkurat University.

BERLINO MAHENDRA

Head of General Affairs

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

SUGUMARAN PONAN

Head of Plantation Estate

Mr Sugumaran joined our Group in 2020 as Plantation Controller and was appointed as the Group's Head of Plantation Estate in 2021. As part of his duties, he oversees the cultivation of the Group's oil palm plantation, palm field maintenance and maintenance of FFB yields. Mr Sugumaran has over 30 years of experience in the agriculture industry. He held managerial roles at NPC Resources Berhad, Indonesia from 2016 to 2019, at Olam International Group, Gabon Africa from 2014 to 2016 and at GMG Hevecam S.A. in Cameroon Africa from 2012 to 2014. Mr Sugumaran holds a Degree in Plantation Management with IIPM/UiTM.

WONG KIM POH

Financial Controller of Plantation Estate

Mr Wong joined our Group in 2009. He is in charge of the finance, accounting and administration of the plantation division. With over 40 years of experience in finance and accounting works, he oversees the implementation of effective internal control systems, operation procedures and budgetary control of the plantation. Mr Wong started his career in 1975 with Kilang Gula 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 Programming and Information Processing from City and Guilds of London Institute.

SUSTAINABILITY REPORT

SUSTAINABILITY **REPORT**

CONTENTS

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 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.

Additionally, the members of the board of directors have attended ESG – Environmental, Social and Governance Essentials training organised by the Singapore Institute of Directors (SID) in 2022 to improve their understanding of the board's role and director's responsibilities in the governance of sustainability.

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 2022. 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

SUSTAINABILITY **REPORT**

3. TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

3A. INTRODUCTION

Under the recommendation of the Singapore Stock Exchange (SGX), we are including the Taskforce on Climate-related Financial Disclosures (TCFD) into our Sustainability report. Starting from 2022, Global Palm Resources are committed to share and disclose the company's ongoing effort to assess the climate-related risks and opportunities, and the recommendations from the TCFD.

Core Elements of Recommended Climate-Related Financial Disclosure

Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Reprinted from "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" (June 2017)

SUSTAINABILITY **REPORT**

Global scenarios

The diagram below shows the projected temperature increase till the year 2100 along with the different scenarios.[1]

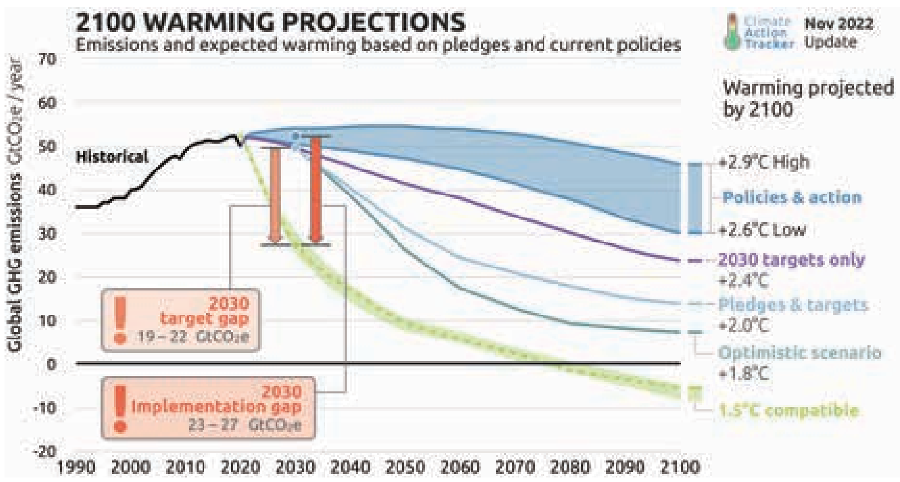


Table 1: summary of scenarios according to IPCC 2021 report and the Paris Agreement

With no mitigation approximately 4.0 to 5.0¢°C There is few or no steps taken to limit carbon emissions and mitigate climate change
With stated policy 2.5°C Relies on existing and planned policies, but no additional measures are undertaken
Paris Agreement 1.5°C Takes immediate and coordinated action to curb carbon emissions and curb the increase to 1.5¢XC by 2030

Regional scenarios

According to the World Bank report published in 2021, it is expected by 2050s that Indonesia has the warming range of 0.8¢°C-1.4¢°C. In terms of climate risk, Indonesia is ranked on the top-third of countries with exposure to all to all types of flooding and extreme heat. With climate change, the intensity of the hazards is expected to grow. Without effective management, it is predicted that the population experiencing to extreme river flood could grow by 1.4 million by 2035-2044.[2]

Furthermore, a study was done by Centre for International Forestry Research (CIFOR) on West Kalimantan through modelling in 2017. It has been projected that extreme dry rainfall will be increased over most part of West Kalimantan. Also, there will be an increase risk in forest fires due to the high temperature and low chances of rainfall during the dry season.[3]

1 2100 Warming Projections. Climate Action tracker. (2022). Retrieved March 21, 2023, from https://climateactiontracker.org/
2 Asian Development Bank (ADB) (2021). Climate risk country profile: Indonesia. Retrieved March 21, 2023, from https://www.adb.org/sites/default/files/publication/700411/climate-risk-country-profile-indonesia.pdf
3 Jadmiko, S. D., Murdiyarso, D., & Faqih, A. (2017). Climate Changes Projection for Land and Forest Fire Risk Assessment in West Kalimantan. Retrieved March 21, 2023, from https://iopscience.iop.org/article/10.1088/1755-1315/58/1/012030/pdf

3B. STRATEGIES

Table 2 below outlines the timeline for the proposed strategies the management is taking for the climate risks and it identifies the different risk types and its descriptions based on the 3 different time horizons (short, medium, and long terms)

Time horizons	Start Year	End Year
Short-term (0-1 years)	2022	2023
Medium-term (2-5 years)	2022	2027
Long-term (6-30 years)	2022	2032

Table 2: Risk identifications in different time horizon (short, medium, and long term)

Risk Type	Sub-Type	Climate-related risks	Climate-related risk description	Short-term	Medium-term	Long-term
Transition Risk	Policy and Legal	Increased pricing of GHG emissions	Increased GHG emissions pricing in order to incentivize movement to renewable energy sources	No	No	Yes
	Technology	Costs to transition to lower emissions technology	Investment in technology to reduce emissions or improve energy efficiency of operations	No	Yes	Yes
		Substitution of existing products and services with lower emissions options	Replacing existing products to reduce emissions or improve energy efficiency of operations	No	Yes	Yes
	Market	Uncertainty in market signals	Buyers have difficulty assessing the current and future market conditions because changes in climate-change policies	No	Yes	Yes

Table 3: Opportunities presented to the company relating to climate change

Opportunity Type	Climate-Related Opportunities	Short-term	Medium-term	Long-term
Resource Efficiency	Use of recycling	Yes	Yes	Yes
Energy Systems	Use of new technologies	Yes	Yes	Yes
	Use of lower-emission sources of energy	Yes	Yes	Yes
Products and Service	Development of climate adaptation and insurance risk solutions	Yes	Yes	Yes

SUSTAINABILITY **REPORT**

3C. OPPORTUNITIES

The company align itself with the Indonesia's national regulations and policies. We are aiming to attain the Sustainability Palm Oil (ISPO) certification by 2024 in order to operate more environmentally sustainable. The progress is disclosed in the annual sustainability report.

The company has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010. We have been adhering to their environmental management and policies. The results are disclosed in the annual sustainability report.

Within the company, we manage our direct environmental impact through monitoring our carbon emission and improving energy efficiency. The progress and results are disclosed in metrics and targets section of TCFD report.

SUSTAINABILITY **REPORT**

4. FOCUSING ON WHAT MATTERS MOST TO OUR STAKEHOLDERS

4A. 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 4: 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 • Focus group discussions	Monthly
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

SUSTAINABILITY **REPORT**

Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
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**

4B. 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 2022 through a three-step process as elaborated below.

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

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

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:

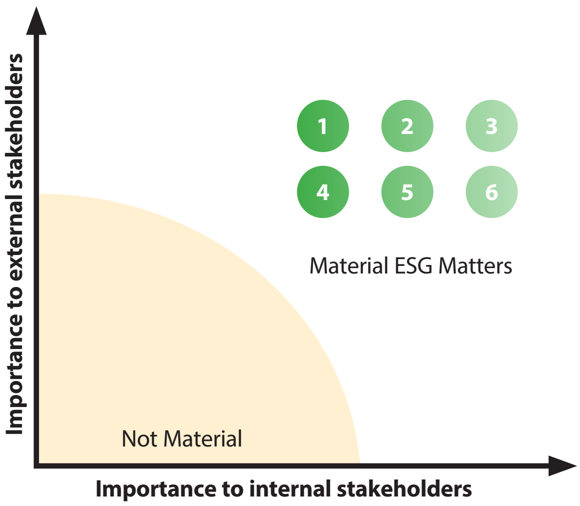
i. Alignment to Global Palm Resources' purpose, core values and business strategy
ii. Impact of each matter to Global Palm Resources' business continuity
iii. Impact of each matter to internal and external stakeholders

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

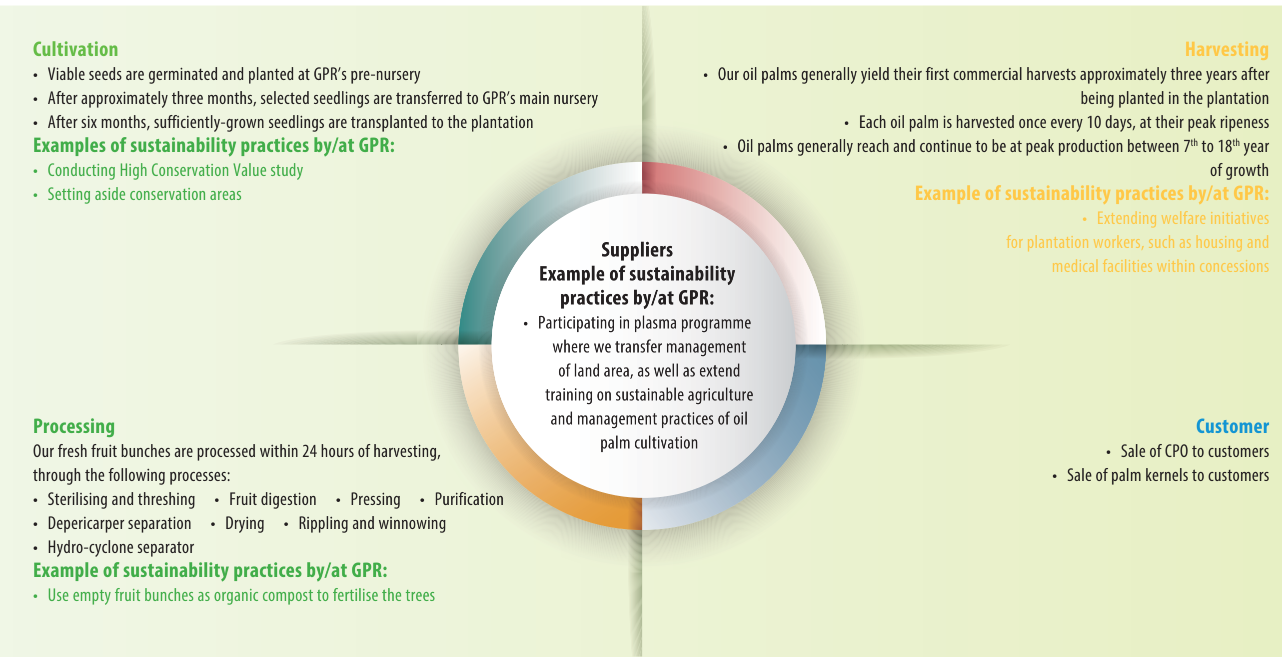


	Material ESG Matters	Topics under GRI Standards
1	Forced Labour and Child Labour	GRI 408: Child Labour
		GRI 409: Forced or compulsory labour
2	Relationship with Communities, Indigenous People and Plasma Farmers	GRI 411: Rights of indigenous people
		GRI 413: Local communities
3	Conservation	GRI 304: 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

4C. 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

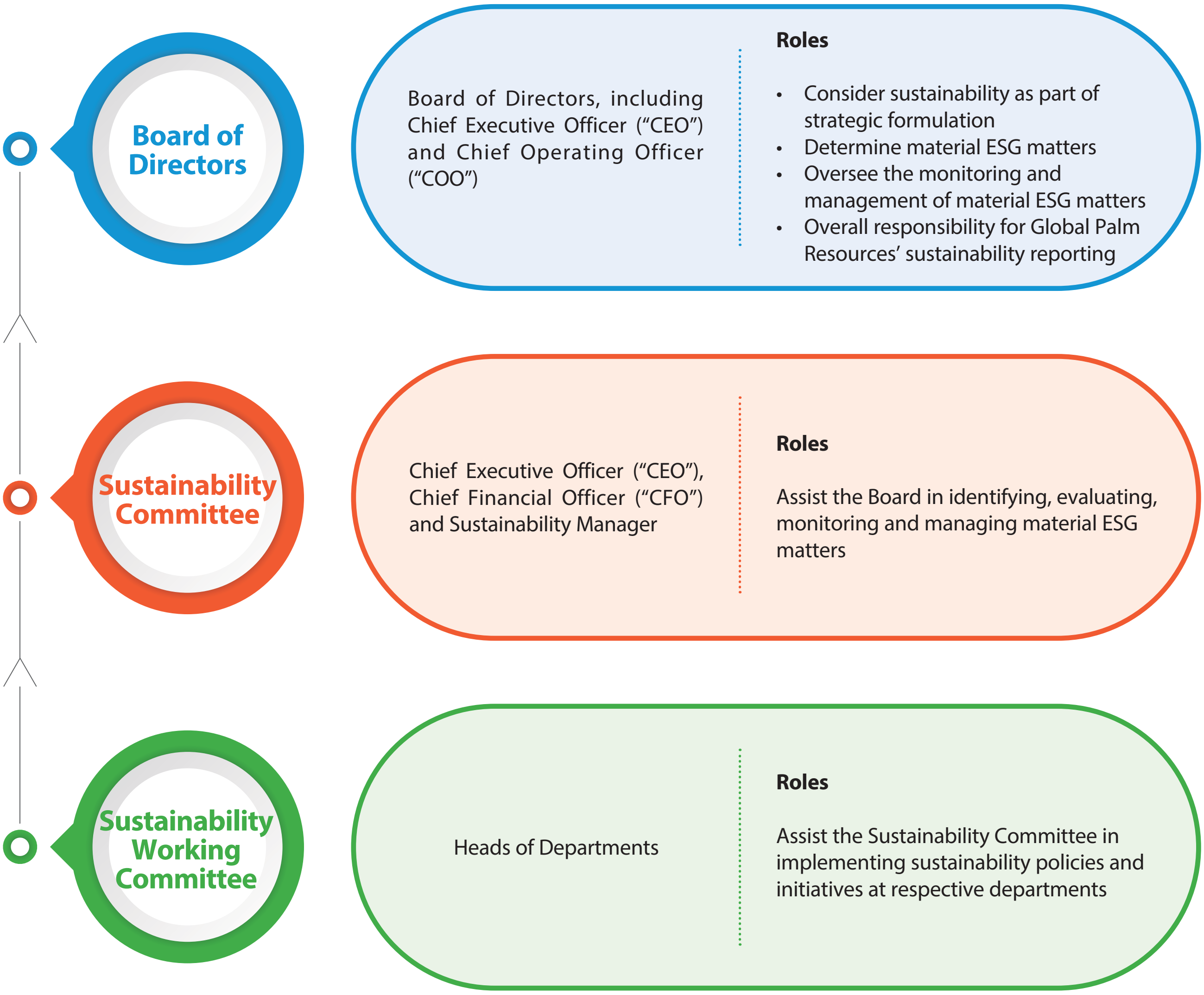
Material matters	Cultivation	Harvesting	Suppliers	Processing
Forced labour and child labour	✓	✓		✓
Relationship with communities, indigenous people and plasma farmers	✓	✓	✓	✓
Conservation	✓	✓		
Waste management		✓		✓
Fire and haze	✓	✓		
Succession planning	✓	✓		✓

4D. 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 2024. 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.

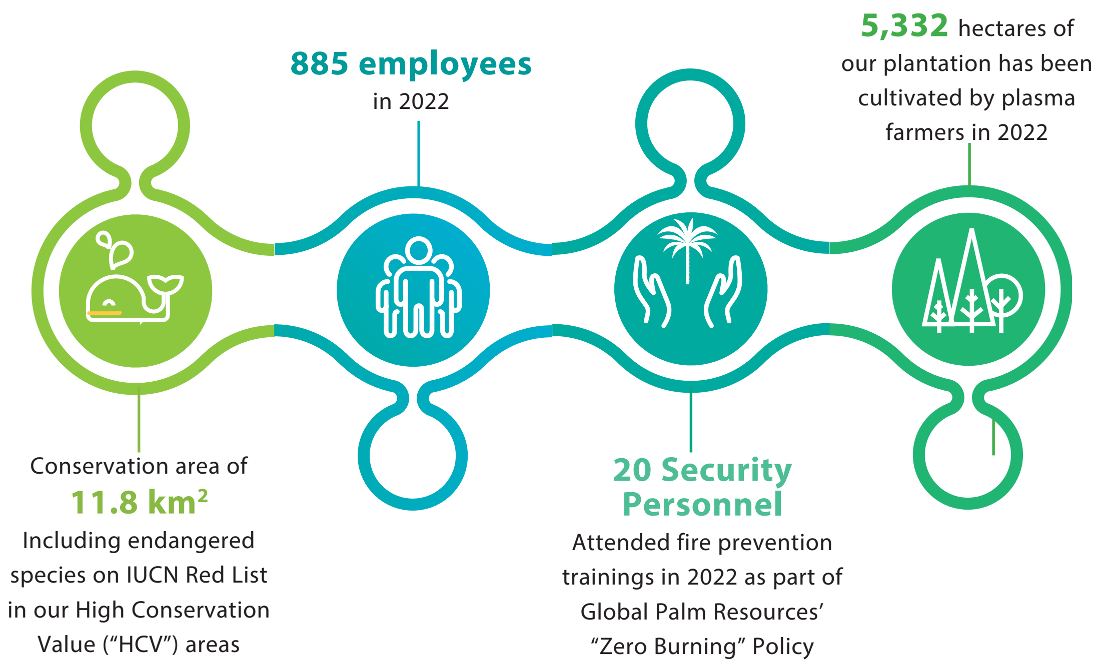
SUSTAINABILITY **REPORT**

Table 5: 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.	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



SUSTAINABILITY **REPORT**

5. BENEFITING PEOPLE

5A. 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 2022, only 4 out of our 885 employees were located in Singapore. 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 2022, there were 78 new hires and 38 turnover.

Figure 7: Our employee demographics in 2021 and 2022 by employment contract and gender

Figure 8: Our employee demographics in 2021 and 2022 by employment type and gender

SUSTAINABILITY **REPORT**

5B. FORCED LABOUR AND CHILD LABOUR

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

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

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

Education

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

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

SUSTAINABILITY **REPORT**

Figure 9: Global Palm Resources' key highlights on the topic of forced and child labour in 2022

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

98.7%
Workers live in the houses provided by GPR within our concession zones

Zero
Reported forced labour and child labour incidences

5C. 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.

5D. 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 2022, 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.

SUSTAINABILITY REPORT

Figure 10: Global Palm Resources' strategic partnerships with communities, indigenous people and plasma farmers

Plasma Programme

For the past 20 years, we have been participating in Plasma Programme, an initiative by the Indonesian government to encourage partnerships between large plantation companies and their surrounding communities. As of 31 December 2022, 5,332 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.

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.
- 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.

SUSTAINABILITY REPORT

6. BENEFITTING THE PLANET

6A. CONSERVATION

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

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

Table 6: List of Endangered and Vulnerable species within Global Palm Resources' concession area

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

We have dedicated 20.67 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.

6B. FIRE AND HAZE

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

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

SUSTAINABILITY **REPORT**

Figure 11: 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 2022, 24 personalles 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 three cases of burning activities detected within our area of control in 2022, 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.

SUSTAINABILITY **REPORT**

6C. WASTE MANAGEMENT

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

Figure 12: 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.

SUSTAINABILITY **REPORT**

7. GRI INDEX

GRI 102: General Disclosure		
Disclosure		Location in the report or reason for omission
Organisational profile		
102-1	Name of the organisation	Chapter 2: About the report (page 14)
102-2	Activities, brands, products, and services	Chapter 2: About the report (page 14)
102-3	Location of headquarters	Singapore
102-4	Location of operations	Chapter 2: About the report (page 14)
102-5	Ownership and legal form	Chapter 2: About the report (page 14)
102-6	Markets served	Indonesia
102-7	Scale of the organisation	Chapter 2: About the report (page 14); Chapter 4A: Our Employee and Worker Demographics (page 19)
102-8	Information on employee and other workers	Chapter 4A: Our Employee and Worker Demographics (page 19)
102-9	Supply chain	Chapter 4C: Sustainability in our value chain (page 22); Chapter 5D: Relationship with Communities, Indigenous People and Plasma Farmers (page 28)
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 5B: Forced Labour and Child Labour (page 27); Chapter 5C: Succession Planning (page 28); Chapter 6B: Fire and Haze (pages 30-31)
102-12	External initiatives	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 23-24)
102-13	Membership of associations	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 23-24)
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 15)
Governance		
102-18	Governance structure	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 24-25)
102-19	Delegating authority	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 24-25)
102-20	Executive-level responsibility for economic, environmental, and social topics	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 24-25)
102-29	Identifying and managing economic, environmental, and social impacts	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 24-25)
102-31	Review of economic, environmental, and social topics	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 24-25)
102-32	Highest governance body's role in sustainability reporting	Chapter 4D: Overview of Sustainability Management at Global Palm Resources (pages 24-25)
Stakeholder Engagement		
102-40	List of stakeholder groups	Chapter 4A: Stakeholder engagement (pages 20-21)
102-41	Collective bargaining agreements	Approximately 98.7% of our employees in Indonesia and all our employees in Singapore are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Chapter 4A: Stakeholder engagement (pages 20-21)
102-43	Approach to stakeholder engagement	Chapter 4A: Stakeholder engagement (pages 20-21)
102-44	Key topics and concerns raised	Chapter 4A: Stakeholder engagement (pages 20-21)

SUSTAINABILITY **REPORT**

GRI 102: General Disclosure		
Disclosure		Location in the report or reason for omission
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Notes to Financial Statements (page 107)
102-46	Defining report content and topic boundaries	Chapter 4B: Materiality assessment (pages 21-22) Chapter 4C: Sustainability in our value chain (pages 22-23)
102-47	List of material topics	Chapter 4B: Materiality assessment (pages 21-22)
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Chapter 2: About the report (page 14)
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Chapter 2: About the report (page 14)
102-53	Contact point for questions regarding the report	Chapter 2: About the report (page 14)
102-54	Claims of reporting in accordance with the GRI Standards	Chapter 2: About the report (page 14)
102-55	GRI content index	Chapter 7: GRI Index (pages 33-37)
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 6A: Conservation (page 30)
	103-2	The management approach and its components	Chapter 6A: Conservation (page 30)
	103-3	Evaluation of the management approach	Chapter 6A: Conservation (page 30)
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 6A: Conservation (page 30)
Fire and Haze			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 6B: Fire and Haze (pages 30-31)
	103-2	The management approach and its components	Chapter 6B: Fire and Haze (pages 30-31)
	103-3	Evaluation of the management approach	Chapter 6B: Fire and Haze (pages 30-31)

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 5B: Forced Labour and Child Labour (page 28)
	103-2	The management approach and its components	Chapter 5B: Forced Labour and Child Labour (page 28)
	103-3	Evaluation of the management approach	Chapter 5B: Forced Labour and Child Labour (page 28)
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Chapter 5B: Forced Labour and Child Labour (page 28)
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chapter 5B: Forced Labour and Child Labour (page 28)
Relationship with Communities, Indigenous People and Plasma Farmers			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 29-30)
	103-2	The management approach and its components	Chapter 5D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 29-30)
	103-3	Evaluation of the management approach	Chapter 5D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 29-30)
GRI 411: Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples	Chapter 5D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 29-30)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments and development programs	Chapter 5D: Relationship with Communities, Indigenous People and Plasma Farmers (pages 29-30)
Succession Planning			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5C: Succession Planning (page 29)
	103-2	The management approach and its components	Chapter 5C: Succession Planning (page 29)
	103-3	Evaluation of the management approach	Chapter 5C: Succession Planning (page 29)

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 6C: Waste Management (page 32)
	103-2	The management approach and its components	Chapter 6C: Waste Management (page 32)
	103-3	Evaluation of the management approach	Chapter 6C: Waste Management (page 32)
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Chapter 6C: Waste Management (page 32)

OPERATIONAL **HIGHLIGHTS**

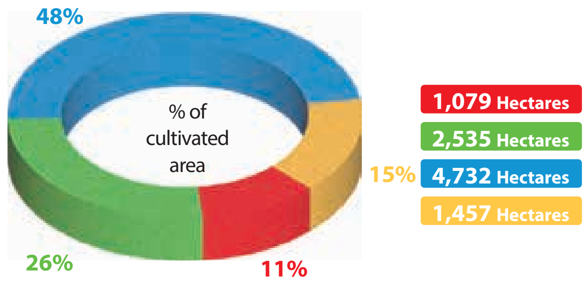
PLANTATIONS STATISTICS

Hectares	FY2022	FY2021	FY2020
Total Planted Area	**15,147**	**16,077**	**16,113**
Mature	14,056	14,178	14,114
Immature	1,091	1,899	1,999
Nucleus Planted Area	**9,803**	**10,746**	**10,782**
Mature	8,724	8,847	8,783
Immature	1,079	1,899	1,999
Plasma Planted Area	**5,344**	**5,331**	**5,331**
Mature	5,332	5,331	5,331
Immature	12	–	–

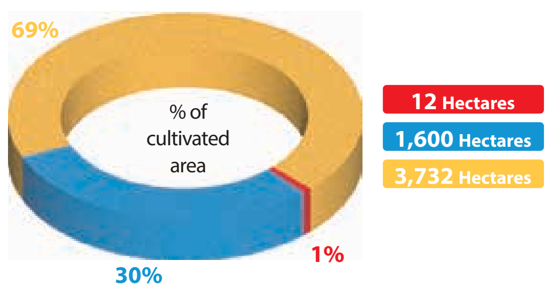
AREA CULTIVATED BY AGE PROFILE

Hectares

Nucleus Planted Area



Plasma Planted Area



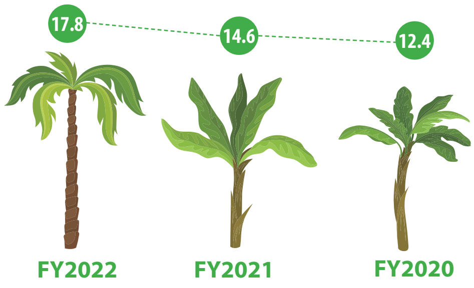
First 3 years (Immature) | 4 – 6 years (Mature) | 7 – 18 years (Prime) | Above 18 years

OPERATIONAL **HIGHLIGHTS**

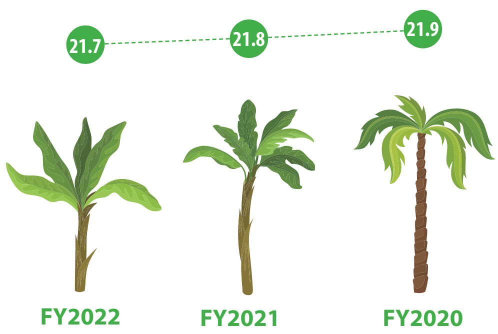
PRODUCTION VOLUME

Tonnes	FY2022	FY2021	FY2020
Total FFB Harvested	**202,836**	**166,228**	**138,603**
Nucleus	155,302	129,121	84,493
Plasma	47,534	37,107	54,110
FFB Processed	**191,967**	**161,942**	**144,235**
CPO Production	**41,685**	**35,320**	**31,532**
PK Production	**7,345**	**6,047**	**5,453**

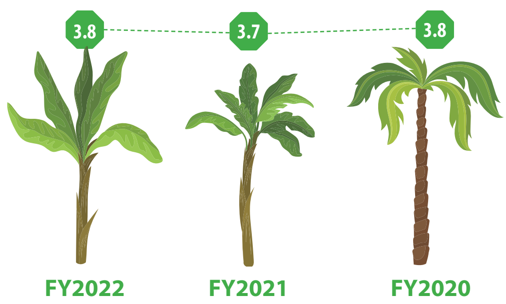
FFB YIELD (tonnes/ha)



CPO EXTRACTION RATE (%)



PK EXTRACTION RATE (%)



FINANCIAL **HIGHLIGHTS**

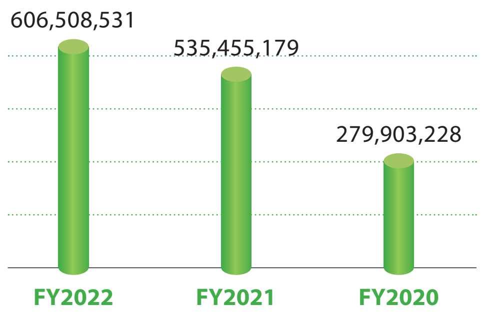
INCOME STATEMENT

Rp '000	FY2022	FY2021	FY2020
Revenue	606,508,531	535,455,179	279,903,228
Gross profit	233,121,928	180,882,524	46,657,392
Gross profit margin (%)	38.4	33.8	16.7
Profit/(loss) before income tax	114,500,607	99,956,490	(8,687,061)
Profit/(loss) for the financial year	77,665,660	78,030,621	(7,414,243)
Profit/(loss) attributable to owners of the parent	72,067,408	71,898,715	(7,222,962)
Profit/(loss) per share (Basic and diluted)	289	287	(36)
EBITDA	158,606,986	119,675,286	1,047,711

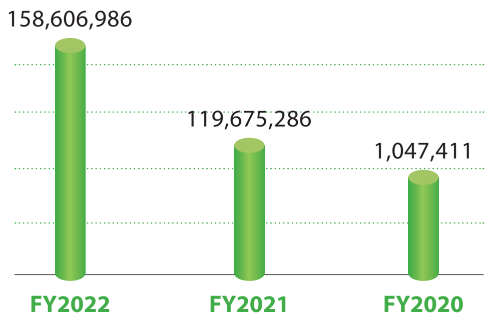
BALANCE SHEET

Rp '000	FY2022	FY2021	FY2020
Total assets	1,044,818,505	933,116,981	879,816,578
Total liabilities	160,981,490	136,021,883	134,542,673
Total equity	883,837,015	797,095,098	745,273,905
Equity attributable to owners of the parent	851,705,593	770,641,765	721,914,707

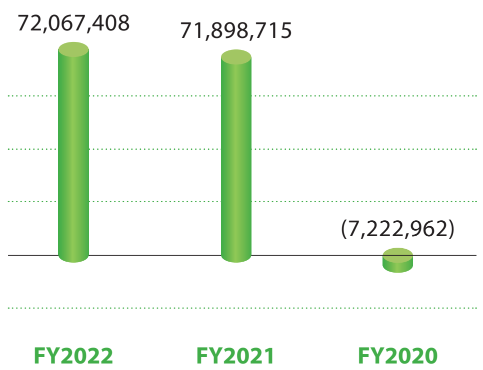
REVENUE (Rp '000)



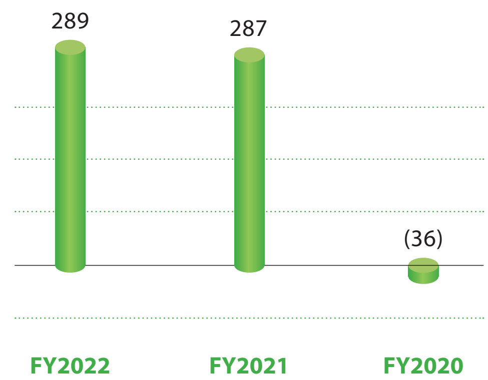
EBITDA (Rp '000)



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



PROFIT/(LOSS) PER SHARE (Rp)



FINANCIAL REVIEW

The conversion rates used in this annual report are S$1:Rp11,659 for FY2022 and S$1:Rp10,534 for FY2021.

REVIEW OF THE GROUP'S PERFORMANCE

Global Palm Resources reported a 13% increase in revenue to Rp606.5 billion (S$52.0 million) in FY2022 from Rp535.5 billion (S$50.8 million) in FY2021. This was mainly due to increase in palm kernel ("PK") and fresh fruit bunches ("FFB") sales volume, coupled with higher crude palm oil ("CPO"), PK and FFB average selling prices.

Gross profit increased 29% to Rp233.1 billion (S$20.0 million) in FY2022 from Rp180.9 billion (S$17.2 million). Gross profit margin increased 4.6% points to 38.4% in FY2022 from 33.8% in FY2021.

The Group posted a net profit attributable to shareholders of Rp72.1 billion (S$6.2 million) for FY2022 from Rp71.9 billion (S$6.8 million) for FY2021.

Revenue

The Group's revenue from CPO increased 9% to Rp454.7 billion (S$39.0 million) in FY2022 from Rp416.8 billion (S$39.6 million). Revenue from PK increased 34% to Rp56.2 billion (S$4.8 million) in FY2022 from Rp42.0 billion (S$4.0 million) in FY2021. Revenue from FFB increased 25% to Rp95.6 billion (S$8.2 billion) in FY2022 from Rp76.6 billion (S$7.3 million).

ANNUAL SALES REVENUE BY PRODUCT

Rp '000	FY2022	FY2021	FY2020
CPO	**454,722,792**	416,849,002	249,707,269
PK	**56,200,700**	41,974,264	25,967,124
FFB	**95,585,039**	76,631,913	4,228,835

ANNUAL AVERAGE SELLING PRICES BY PRODUCT

Rp/kg	FY2022	FY2021	FY2020
CPO	**11,961**	10,965	8,320
PK	**7,645**	6,963	4,332
FFB	**2,484**	2,417	1,938

Sales Volume

In FY2022, the Group sold 38,018 tonnes of CPO, 7,352 tonnes of PK and 38,478 tonnes of FFB, compared to 38,018 tonnes of CPO, 6,028 tonnes of PK and 31,706 tonnes of FFB a year ago. This represented a 22% increase in the sales volume for PK and a 21% increase in the sales volume of FFB. There was no change in the sales volume for CPO for FY2022 and FY2021.

ANNUAL SALES VOLUME BY PRODUCT

Tonnes	FY2022	FY2021	FY2020
CPO	**38,018**	38,018	30,012
PK	**7,352**	6,028	5,994
FFB	**38,478**	31,706	2,182

Average Selling Price

The average selling price ("ASP") of CPO increased 9% to Rp11,961/kg (S$1.03/kg) in FY2022, from Rp10,965/kg (S$1.04/kg) in FY2021. ASP for PK increased 10% to Rp7,645/kg (S$0.66/kg) in FY2022, from Rp6,963/kg (S$0.66/kg) in FY2021. ASP of FFB increased 3% to Rp2,484/kg (S$0.21/kg) in FY2022, from Rp2,417/kg (S$0.23/kg) in FY2021.

FINANCIAL **REVIEW**

REVIEW OF THE GROUP'S FINANCIAL POSITION

Key Highlights (Rp' billion)	As at 31 December 2022	As at 31 December 2021	Change (%)
Total Assets	**1,044.8**	933.1	12.0
– Bearer plants	**286.0**	297.0	(3.7)
– Property, plant and equipment	**244.0**	234.7	4.0
– Plasma plantation receivables	**45.2**	49.8	(9.1)
– Biological assets	**23.7**	31.3	(24.1)
– Inventories	**60.8**	20.7	194.0
– Cash and cash equivalents	**203.2**	160.0	27.0
Total Liabilities	**161.0**	136.0	18.3
– Trade and other payables	**72.6**	37.8	91.9
– Provision for post-employment benefits	**21.1**	34.8	(39.5)
Total Equity	**883.8**	797.1	10.9

FINANCIAL **REVIEW**

NON-CURRENT ASSETS

Non-current assets for the Group increased Rp16.1 billion (S$1.4 million) or 2% to Rp683.0 billion (S$58.6 million) as at 31 December 2022 from Rp666.8 billion (S$63.3 million) as at 31 December 2021. This was mainly due to fair value through OCI investments of Rp33.3 billion (S$2.9 million), net additions to property, plant and equipment of Rp9.3 billion (S$0.8 million) and increase in trade and other receivables of Rp4.9 billion (S$0.4 million). This was offset by the net decrease in bearer plants of Rp11.0 billion (S$0.9 million), decrease of Rp6.6 billion (S$0.6 million) in the non-current portion of the of loan principal on the credit facilities extended to farmers under the Plasma KKPA programme, amortisation of operating use rights of Rp6.4 billion (S$0.5 million) and deferred charges written-off of Rp6.4 billion (S$0.6 million).

CURRENT ASSETS

Current assets for the Group increased Rp95.6 billion (S$8.2 million) or 36% to Rp361.9 billion (S$31.0 million) as at 31 December 2022 from Rp266.3 billion (S$25.2 million) as at 31 December 2021. This was mainly due to increase in cash and cash equivalents of Rp43.2 billion (S$3.7 million), increase in inventories of Rp40.1 billion (S$3.4 million) and increase in trade and other receivables of Rp16.8 billion (S$1.4 million). This was offset by a decrease in biological assets of Rp7.5 billion (S$0.6 million) due to the net loss from changes in fair value of biological assets in FY2022.

CURRENT LIABILITIES

Current liabilities for the Group increased Rp38.9 billion or 66% to Rp97.9 billion (S$8.4 million) as at 31 December 2022 from Rp59.0 billion (S$5.6 million) as at 31 December 2021. This was mainly due to increase in trade and other payables of Rp34.8 billion (S$3.0 million) and increase in current income tax payable of Rp6.4 billion (S$0.5 million), offset by decrease in derivative financial instruments of Rp2.0 billion (S$0.2 million). The increase in trade and other payables was mainly due to increase in advances from customers of Rp21.9 billion (S$1.9 million).

NON-CURRENT LIABILITIES

Non-current liabilities for the Group decreased by Rp14.0 billion (S$1.2 million) or 18% to Rp63.1 billion (S$5.4 million) as at 31 December 2022 from Rp77.0 billion (S$7.3 million) as at 31 December 2021. This was mainly due to decrease in provision for post-employment benefits of Rp13.7 billion (S$1.2 million).

ACCUMULATED LOSSES

The accumulated losses of Rp80.4 billion (S$6.9 million) was mainly contributed by the accumulated losses of Rp135.5 billion (S$11.6 million) brought forward from FY2021 and dividend paid to equity holders of the Company of Rp16.9 billion (S$1.5 million), offset by total comprehensive income attributable to owners of the parent of Rp72.0 billion (S$6.2 million) in FY2022.

FINANCIAL POSITION

The net asset value ("NAV") of the Group was Rp883.8 billion (S$75.8 million) as at 31 December 2022. NAV/share increased to Rp3,545/share (S$0.30/share) as at 31 December 2022 from Rp3,189/share (S$0.30/share) as at 31 December 2021.

FINANCIAL **REVIEW**

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Key Highlights (Rp' billion)	FY2022	FY2021	Change (%)
Net cash generated from operating activities	**127.3**	117.0	6.6
Net cash used in investing activities	**(72.8)**	(101.3)	(30.7)
Net cash used in financing activities	**(19.6)**	(29.8)	(34.1)
Cash and cash equivalents at the end of the year	**203.2**	160.0	27

Net cash generated from operating activities of Rp127.3 billion (S$10.9 million) in FY2022 was mainly due to cash generated from operations of Rp156.3 billion (S$13.4 million) and interest received of Rp2.0 billion (S$0.2 million), offset by income tax paid of Rp31.0 billion (S$2.6 million).

Net cash used in investing activities of Rp72.8 billion (S$6.2 million) in FY2022 included payment of Rp34.8 billion (S$3.0 million) for the subscription for the participating shares issued by ASV Fund, purchases of property, plant and equipment of Rp30.3 billion (S$2.6 million) and capital expenditure on bearer plants of Rp9.1 billion (S$0.8 million).

Net cash used in financing activities of Rp19.6 billion (S$1.7 million) in FY2022 was mainly due to dividends paid to equity holders of the Company of Rp16.9 billion (S$1.5 million), the buyback of the Company's shares to be held as treasury shares of Rp1.4 billion (S$0.1 million) and the repayment of lease liabilities of Rp1.2 billion (S$0.1 million).

Overall, the Group's cash position remained healthy with an accumulation of cash resources of Rp203.2 billion (S$17.4 million) as at 31 December 2022.

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 2018 (the "**Code**") and revised on 11 January 2023. 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 Company.

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

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

– providing entrepreneurial leadership, setting strategic directions, overseeing management effectiveness and ensuring proper conduct and sustainable development of the Group's business;

– providing the overall strategy of the Group;

– ensuring that policies and processes are in place for evaluating the adequacy of internal controls, financial reporting, financial performance, risk management and compliance; and

– assuming responsibility for the corporate governance framework of the Group.

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

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

CORPORATE GOVERNANCE **REPORT**

The number of Board and Board Committee meetings held and attended by each Board member for the financial year ended 31 December 2022 ("FY2022") is set out as follows:

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

* By invitation.

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

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

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

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

* Where appropriate and subject to shareholders' approval.

CORPORATE GOVERNANCE **REPORT**

Directors have separate and independent access to Management, the company secretary and external advisers (where necessary) at the Company's expense and is free to request for additional information as needed to make informed decisions. The appointment and removal of the company secretary are subject to the approval of the Board.

The role of the company secretary includes, *inter alia*, ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

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 currently comprises 3 Independent Directors and 2 Executive Directors.

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

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

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

Rule 210(5)(c) of the Listing Manual of the SGX-ST requires the number of independent directors to comprise at least one-third of the issuer's board.

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent, whereby Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST provides that a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) may continue to be considered independent until the conclusion of the next annual general meeting of the issuer.

Under the Transitional Practice Note 4 Transitional Arrangements Regarding the Tenure Limit for Independent Directors, Rule 210(5)(d)(iv) takes effect for an issuer's annual general meeting for the financial year ending on or after 31 December 2023.

Under Provision 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.

During FY2022 and as 31 March 2023, being the latest practicable date prior to the printing of this report, the Board comprises 3 Independent Directors and 2 Executive Directors (including the Chairman of the Board). Accordingly, the Company complies with the relevant provision of the Code which requires non-executive directors to make up a majority of the Board.

CORPORATE GOVERNANCE **REPORT**

The independence of each Director will be reviewed annually by the NC 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 Directors' profiles are shown in the "Board of Directors" section of this Annual Report as set on pages 7 to 10.

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

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

In line with the Code, the NC had conducted a rigorous review on the independence of the Non-Executive Directors, Mr Yee Kit Hong, Mr M. Rajaram and Mr Guok Chin Huat Samuel (each of whom has served on the Board beyond nine (9) years). Each Independent Director had abstained from the discussions pertaining to the rigorous review of their own independence. The NC, 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 diversity policy takes into account the scope and nature of the Group's operations, the diversified background, knowledge and experience of the Directors who collectively possess the necessary core competencies to function effectively and make informed decisions in overseeing the Company's business. The Board regularly examines its size and composition, which comprises members from different backgrounds whose core competencies, qualifications, skills and experiences, are met with the requirements of the Group. The Board is satisfied that it is on an appropriate size to facilitate effective deliberations and decision making.

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

CORPORATE GOVERNANCE **REPORT**

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.

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.

CORPORATE GOVERNANCE **REPORT**

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 Yee Kit Hong, Mr M. Rajaram 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.

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

Further information of Mr Ivan Swandono and Mr M Rajaram is set out in the section titled "Additional Information on Directors seeking re-election" appended to the Notice of AGM dated 13 April 2023, in accordance with Rule 720(6) of the Listing Manual of the SGX-ST.

Mr Ivan Swandono, upon re-election as director, remain as the Executive Director of the Board and the Chief Operating Officer.

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

Mr Ivan Swandono and Mr M Rajaram will be retiring at the forthcoming annual general meeting to be held on 28 April 2023 ("AGM"). The NC has reviewed and recommended the re-election of the abovementioned Directors at the forthcoming AGM. The Board has accepted the recommendation and Mr Ivan Swandono and Mr M Rajaram will be offering themselves for re-election.

CORPORATE GOVERNANCE **REPORT**

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	27 April 2020	Major Appointments/Other Principal Commitments – Commissioner, PT Resource Alam Indonesia TBK	Nil
Ivan Swandono	Executive Director & COO	12 May 2016	26 June 2020	Major Appointments/Other Principal Commitments – Commissioner, BPR Dana Tirta Raya – Commissioner, PT Bumiraya Utama Lines – Director, PT Adinaco Serasi – Director, PT Bumisubur Lestaritani – Director, PT Bumi Kencana Damai – Director, PT Bumi Mentari Indah – Director, PT Bumi Sakura Jaya – Director, PT Bumi Prestis Jaya – Director, PT Bumiraya Ritel Indonesia – Director, PT Ketapang Indah Plywood – Director, PT Khatulistiwa Indah Wood Industries – Director, PT Kurnia Jaya Raya – Director, PT Lestari Anugerah Ritel Indonesia Semesta – Director, PT Mega Bauksit Nusantara – Director, PT Sinar Kapuas Kalbar – Director, PT Sejahtera Jaya Cita – President Director, PT Bumiraya Utama Industries Logam – President Director, PT Bumiraya Utama Wood Industries – President Director, PT Bumi Kapuas Bauksit – President Director, PT Cahaya Kalimantan Mineral – President Director, PT Inti Saudara Lestari – President Director, PT Sumber Mega Bauksit	Nil

CORPORATE GOVERNANCE **REPORT**

Director	Designation	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments/Other Principal Commitments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Yee Kit Hong	Lead Independent Director	16 March 2010	27 April 2021	Present Directorships and Chairmanships in other Listed Companies – Independent Director, Acromec Group Limited – Independent Director, Nam Cheong Ltd Major Appointments/Other Principal Commitments – Partner, Kit Yee & Co – Partner, JH Tan & Associates – Director, Chartwell Investments Pte Ltd	Nil
M. Rajaram	Independent Director	16 March 2010	27 April 2021	Present Directorships and Chairmanships in other Listed Companies – Independent Director, Hiap Seng Engineering Ltd Major Appointments/Other Principal Commitments – Chairman, K&L Gates Straits Law LLC	Nil
Guok Chin Huat Samuel	Independent Director	16 March 2010	27 April 2020	Present Directorships and Chairmanships in other Listed Companies – Independent Director, Aedge Group Limited – Independent Director, RE&S Holdings Limited – Independent Director, International Cement Group Ltd – Independent Director, RE&S Holdings Limited Major Appointments/Other Principal Commitments – Director, Starhealth Pte Ltd – Director, Campelltown Asia Pte Ltd – Director, Campelltown Investment Holdings Pte Ltd – Director, Tellus Asset Management Pte Ltd	Present Directorships and Chairmanships in other Listed Companies – Independent Director, Redwood Group Ltd

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).

For FY2022, the Board is satisfied that each individual Director has allocated sufficient time and attention to the affairs of the Company and is of the view that the effectiveness of the Board as a whole and of each of the Board Committee, as well as the contribution of each Director to the effectiveness of the Board and Board Committees, have been satisfactory.

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 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 2022. 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 provides for performance-related elements of remuneration.

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

CORPORATE GOVERNANCE **REPORT**

Disclosure on Remuneration

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

Remuneration of Directors

A breakdown of each Director's remuneration and the CEO for the financial year ended 31 December 2022 is set out below:

Remuneration Band	Number of Directors 2022	Number of Directors 2021
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	–	342	94	436
Ivan Swandono	–	108	36	144
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: Rp11,659 for FY2022 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 Management Personnel (who are not directors or CEO)

The remuneration of the top five key management personnel for the financial year ended 31 December 2022 are as follows:–

Remuneration Band	Number of Executives FY2022	Number of Executives FY2021
Below S$250,000	5	5

Name of Executives	Fees %	Salary/Allowance %	Bonus/Benefit %	Total %
Below S$250,000				
Ge Luiyanto Yamin	–	80	20	100
Lim Ardi Dharma	–	–	–	–
Berlino Mahendra	–	80	20	100
Sugumaran Ponan	–	81	19	100
Wong Kim Poh	–	78	22	100

CORPORATE GOVERNANCE **REPORT**

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 2022 is S$515,461 (converted based on the exchange rate of S$1: 11,659 for FY2022 for the purpose of this report).

Notes:
- The remuneration of Ge Luiyanto Yamin, Berlino Mahendra, Sugumaran Ponan 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, Berlino Mahendra, Sugumaran Ponan and Wong Kim Poh are converted based on the exchange rate of S$1: Rp11,659 for FY2022 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 Ying Mei	–	83	17	100
Jonathan Adijanto	–	85	15	100
S$50,001 to S$100,000				
Tan Hong Pheng @ Pintarso Adijanto	–	81	19	100
S$150,001 to S$200,000				
Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto	–	86	14	100

Notes:
- The remuneration of Tan Ying Mei, Jonathan Adijanto, Tan Hong Pheng @ Pintarso Adijanto 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 Ying Mei, Jonathan Adijanto, Tan Hong Pheng @ Pintarso Adijanto and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are converted based on the exchange rate of S$1: Rp11,659 for FY2022 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).
- Jonathan Adijanto is the son of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO.

The Company currently does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options in place. The Board is of the view that such long-term incentive plan is not effective and that it is difficult to determine how much such form of deferred remuneration contributes to the retention of employees and to motivate their performance.

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 on 8 May 2013.

CORPORATE GOVERNANCE **REPORT**

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

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

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

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

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

(a) the changes since the last annual assessment in the nature and extent of significant risks (including risks associated with COVID-19 pandemic), and the Company's ability to respond to changes in its business and the external environment;

(b) the scope and quality of management's ongoing monitoring or risks, changes in risk profile and of the system of internal controls and the work of its internal audit function and other providers of assurance; and

(c) any incidence of significant internal control weaknesses that were identified during the financial year.

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

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 2022 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

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

CORPORATE GOVERNANCE **REPORT**

Audit Committee

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

The Board has an AC which discharges its duties objectively.

The 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 does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation:

a. within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,

b. for as long as they have any financial interest in the auditing firm or auditing corporation.

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

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

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

The AC will meet at least 2 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;

CORPORATE GOVERNANCE **REPORT**

(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 (if any) 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 2022:–

Services	**Rp'000**
Audit Fees	1,141,812
Non-audit Fees	–
Total	1,141,812

Save for the professional fees and miscellaneous expenses incurred for audit services, the Company has not paid any non-audit fees to Messrs BDO LLP in the financial year ended 31 December 2022.

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 of the 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 2022.

CORPORATE GOVERNANCE **REPORT**

The Group has implemented a whistleblowing 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) the identify of the whistleblower is kept confidential;

(iii) 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

(iv) 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.

The AC is responsible for the oversight and monitoring of whistleblowing. The AC noted that no incidents in relation to whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting or any other matters.

The AC has reviewed all Interested Person Transactions during the financial year ended 31 December 2022 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 2022, as set out on pages 71 to 72 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 receivables as well as the reasonableness of the key assumptions and inputs used and the valuation outcomes. Views of subject matter experts such as independent valuers were consulted where necessary. The AC also considered the report from the external auditors, including their findings and views on the key areas of audit focus. The AC concluded that the Group's accounting treatment and estimates in each of the KAMs were appropriate.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. For the financial year ended 31 December 2022, the Company has outsourced the internal audit functions of the Group to Johan Malonda Mustika & Rekan, a network member of Baker Tilly International. The internal auditors report directly to the AC. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. To ensure the adequacy and effectiveness of the internal audit function, the AC will review and approve the internal audit plan and assess the effectiveness of the internal audit by examining the scope of the internal auditor's work and its independence, the internal auditor's reports and its relationship with the external auditors on an annual basis. The AC will ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors provide adequate staffing with relevant qualifications and experience to conduct the internal audits.

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

CORPORATE GOVERNANCE **REPORT**

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

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

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

All Directors endeavour to be present at the general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed herein in the Company's Annual Report.

The Company will publish the minutes of general meetings of shareholders on its corporate website and makes these minutes available to shareholders via SGXNET as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The forthcoming AGM to be held in respect of FY2022 will be convened and held by electronic means.

The Company's Constitution allows for absentia voting at general meetings of shareholders.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration, inter alia, the Group's actual and projected financial performance, results of business operations, level of cash and retained earnings, projected capital expenditure and other investment plans, the terms of borrowing arrangements (if any), plans for expansion and other factors which the Directors may deem appropriate.

The Board has not declared or recommended any dividends for FY2022, as the Board of Directors of the Company deems it appropriate to conserve cash for the Group's business operations and for exploring suitable investments for the Group's expansion.

CORPORATE GOVERNANCE **REPORT**

Engagement with Shareholders

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

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

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

The Company has in place, an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

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

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

(ii) half-yearly results announcements;

(iii) media meetings;

(iv) press releases;

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

(vi) disclosures via SGXNet.

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 an ordinary member of the Roundtable of Sustainable Palm Oil ("RSPO"), a not-for-profit association which main purpose is to promote the production and use of palm oil in a sustainable manner. The Company practices sustainability reporting on an annual basis as contained in its Annual Report so as to provide stakeholders with an additional dimension beyond financial performance of the Group.

The 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 Board of Directors of the Company, including the Chairpersons and/or members 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 will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

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

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

DEALING IN SECURITIES

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

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

MATERIAL CONTRACTS

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

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 of the SGX-ST, 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 of the Listing Manual of the SGX-ST 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 2022 is:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Rp' million)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (Rp' million)
		FY2022	FY2022
PT. Insani Bara Perkasa	Associate(1)	Nil(2)	Nil(2)
PT. Life Long Learning	Associate(1)	Nil(2)	Nil(2)
PT. Lingga Teja Wana	Associate(1)	Nil(2)	Nil(2)
PT. Ketapang Indah Plywood Industries	Associate(1)	Nil(2)	NIL(2)
PT. Kurnia Jaya Raya	Associate(1)	Nil(2)	Nil(2)
PT. Kurnia Kapuas Plywood	Associate(1)	Nil(2)	Nil(2)
PT. Resources Alam Indonesia, TBK	Associate(1)	Nil(2)	Nil(2)

Notes:–
(1) Associates of the Executive Chairman and Chief Executive Officer of the Company, Dr Suparno Adijanto and is controlled by the Adijanto Siblings (whether directly or indirectly).
(2) The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

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

As at 31 December 2022, 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 and replanting of the Group's palm trees	20.24	16.31(1)	3.93
Acquisition of other oil palm plantations and land banks	10.88	10.88(2)	–
Repayment of the loans to PT Bank CIMB Niaga Tbk ("Bank Niaga")	5.00	5.00	–
Construction of the co-composting plant	1.49	1.49	–
Working capital	9.50	9.50	–
Invitation expenses	3.49	3.49	–
Total	**50.60**	**46.67**	**3.93**

CORPORATE GOVERNANCE **REPORT**

As at 31 December 2022, 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**

Notes:

(1) Out of the S$16.31 million utilised for the development of existing uncultivated land banks into oil palm plantations and replanting of the Group's palm trees, approximately S$14.22 million were used for land clearing, replanting and new planting purposes.

(2) The S$10.88 million utilised for the acquisition of other oil palm plantations and land banks includes acquisition of PT Bumi Raya Agro of S$2.2 million, expenses of S$0.46 million incurred for the land location permit in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan, expenses of S$0.66 million incurred for the land location permit in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan and acquisition of PT Cemaru Lestari of S$7.5 million.

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 2022 and the statement of financial position of the Company as at 31 December 2022.

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 Companies Act 1967 (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 2022 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 1.1.2022	 Balance as at 31.12.2022
	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 2023 in the shares of the Company have not changed from those disclosed as at 31 December 2022.

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 two times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with Section 201B(5), including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

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

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

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

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

DIRECTORS' **STATEMENT**

6. Audit committee (Continued)

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

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

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

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

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

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

7. Independent auditor

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

On behalf of the Board of Directors

Tan Hong Kiat @ Suparno Adijanto
Director

Ivan Swandono
Director

12 April 2023

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"), which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, 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 Companies Act 1967 (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 2022 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

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 to the farmers in accordance with the Plasma programme. The receivables will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of fresh fruit bunches ("FFB") from these Plasma farmers. As at 31 December 2022, the carrying amount of the Plasma plantation receivables amounted to approximately Rp45.2 billion and accounted for 4.3% 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 2022, management measured the lifetime ECL by determining the present value of estimated future cash flows based on evaluation of expected credit loss scenarios. An additional loss allowance on Plasma plantation receivables of approximately Rp0.2 billion was recognised in profit or loss during the financial year ended 31 December 2022. Management also determined that Plasma plantation receivables of Rp7.4 billion is expected to be recovered within the next financial year and classified as current receivables. The remaining balance of Rp37.8 billion was estimated to be recovered by 2043. The classification and impairment assessment of Plasma plantation receivables involved significant judgement and estimates 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 hand-over to the Plasma farmers, FFB selling price growth rate and discount rate. Refer to Notes 2.11, 2.17(i), 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 hand-over Plasma plantations, amount of FFB expected to be sold back to the Group by Plasma farmers, FFB selling price growth rate and discount rate, including sensitivity analysis. We assessed the reasonableness on classification of Plasma plantation receivables by evaluating the estimated future cash flows derived from those expected credit loss scenarios. We assessed the adequacy of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PALM RESOURCES HOLDINGS LIMITED

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 loss from changes in fair value less estimated point-of-sale costs of biological assets of Rp7.5 billion in profit or loss. The Group's biological assets amounted to approximately Rp23.7 billion as at 31 December 2022. The fair value of biological assets was determined by an independent valuer, with certain input data provided by management, using the income approach method. The valuation of biological assets involved significant judgement 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 2.15, 3.2(ii), 19 and 39(e)(iii) 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

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

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

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 Adrian Lee Yu-Min.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

12 April 2023

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 Rp'000	Group 2021 Rp'000
Revenue	4	**606,508,531**	535,455,179
Cost of sales	5	**(373,386,603)**	(354,572,655)
Gross profit		**233,121,928**	180,882,524
Other items of income/(expense)			
Interest income	6	**4,388,280**	5,208,797
Changes in fair value less estimated point-of-sale costs of biological assets	19	**(7,523,200)**	14,438,300
Other income	7	**6,902,604**	8,628,667
Distribution expenses		**(12,175,807)**	(8,864,683)
Administrative expenses		**(54,433,190)**	(55,336,026)
Loss allowance on trade and other receivables	21	**(6,222,190)**	–
Loss allowance on Plasma plantation receivables	16	**(196,730)**	(527,683)
Finance costs	8	**(88,389)**	(126,513)
Other expenses		**(49,272,699)**	(44,346,893)
Profit before income tax	9	**114,500,607**	99,956,490
Income tax expense	10	**(36,834,947)**	(21,925,869)
Profit for the financial year		**77,665,660**	78,030,621
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits	28	**2,047,105**	11,865,887
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	10	**(450,363)**	(2,621,309)
Currency translation differences		**27,366,958**	(3,504,511)
Changes in fair value through OCI investments	26	**(1,525,575)**	–
Other comprehensive income for the financial year, net of tax		**27,438,125**	5,740,067
Total comprehensive income for the financial year		**105,103,785**	83,770,688
Profit attributable to:			
Owners of the parent		**72,067,408**	71,898,715
Non-controlling interest		**5,598,252**	6,131,906
		77,665,660	78,030,621
Total comprehensive income attributable to:			
Owners of the parent		**99,425,696**	77,176,553
Non-controlling interest		**5,678,089**	6,594,135
		105,103,785	83,770,688
		Rp	Rp
Earnings per share			
– Basic and diluted	11	**289**	287

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

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

	Note	Group 2022 Rp'000	Group 2021 Rp'000	Company 2022 Rp'000	Company 2021 Rp'000
Non-current assets					
Bearer plants	12	285,951,512	296,999,793	–	–
Property, plant and equipment	13	243,996,062	234,691,188	24,021	11,267
Right-of-use assets	14	919,477	1,961,772	771,085	1,616,077
Fair value through OCI investments	26	33,320,703	–	33,320,703	–
Investments in subsidiaries	15	–	–	844,979,987	763,424,287
Trade and other receivables	21	4,900,000	–	–	–
Plasma plantation receivables	16	37,843,526	44,479,120	–	–
Operating use rights	17	44,516,176	50,876,821	–	–
Deferred charges	18	31,513,600	37,832,099	–	–
		682,961,056	666,840,793	879,095,796	765,051,631
Current assets					
Biological assets	19	23,728,000	31,251,200	–	–
Inventories	20	60,797,451	20,681,126	–	–
Trade and other receivables	21	54,059,271	37,249,210	248,688,419	306,974,726
Dividend receivable		–	–	24,572,888	55,262,719
Current income tax recoverable		4,882,870	4,882,869	–	–
Prepayments		1,896,634	1,553,337	294,300	261,418
Financial assets at fair value through profit or loss	22	13,277,543	10,688,511	3,792,498	3,468,496
Cash and cash equivalents	23	203,215,680	159,969,935	49,652,978	12,014,575
		361,857,449	266,276,188	327,001,083	377,981,934
Less:					
Current liabilities					
Trade and other payables	24	72,620,861	37,841,349	1,842,718	1,595,339
Derivative financial instruments	25	421,594	2,442,342	421,594	2,442,342
Lease liabilities	27	973,686	1,150,984	847,595	950,182
Dividend payable to non-controlling interest		3,500,000	3,500,000	–	–
Current income tax payable		20,406,331	14,044,638	104,932	–
		97,922,472	58,979,313	3,216,839	4,987,863
Net current assets		263,934,977	207,296,875	323,784,244	372,994,071
Less:					
Non-current liabilities					
Lease liabilities	27	–	869,106	–	743,482
Provision for post-employment benefits	28	21,064,765	34,795,325	–	–
Provision for restoration	29	182,931	165,275	182,931	165,275
Deferred tax liabilities	30	41,811,322	41,212,864	93,272	–
		63,059,018	77,042,570	276,203	908,757
Net assets		883,837,015	797,095,098	1,202,603,837	1,137,136,945
Capital and reserves					
Share capital	31	712,829,065	714,263,760	712,829,065	714,263,760
Capital reserve	32	67,962,611	67,962,611	–	–
Other reserves	33	149,795,836	123,954,453	520,658,549	404,099,558
Accumulated (losses)/profits		(78,881,919)	(135,539,059)	(30,883,777)	18,773,627
Equity attributable to owners of the parent		851,705,593	770,641,765	1,202,603,837	1,137,136,945
Non-controlling interest		32,131,422	26,453,333	–	–
Total equity		883,837,015	797,095,098	1,202,603,837	1,137,136,945

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital Rp'000	Capital reserve Rp'000	Other reserves 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 1.1.2022		714,263,760	67,962,611	123,954,453	(135,539,059)	770,641,765	26,453,333	797,095,098
Profit for the financial year		–	–	–	72,067,408	72,067,408	5,598,252	77,665,660
Other comprehensive income for the financial year:								
Fair value through OCI investments	26	–	–	(1,525,575)	–	(1,525,575)	–	(1,525,575)
Remeasurement of post-employment benefits		–	–	–	1,944,750	1,944,750	102,355	2,047,105
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		–	–	–	(427,845)	(427,845)	(22,518)	(450,363)
Currency translation differences		–	–	27,366,958	–	27,366,958	–	27,366,958
Total comprehensive income for the financial year		–	–	25,841,383	73,584,313	99,425,696	5,678,089	105,103,785
Dividend to owners of the parent, representing total transactions with equity holders, recognised directly in equity	34	–	–	–	(16,927,173)	(16,927,173)	–	(16,927,173)
Shares buy back held in treasury	31	(1,434,695)	–	–	–	(1,434,695)	–	(1,434,695)
Balance as at 31.12.2022		712,829,065	67,962,611	149,795,836	(78,881,919)	851,705,593	32,131,422	883,837,015

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital Rp'000	Capital reserve Rp'000	Other reserves 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 1.1.2021		716,385,272	67,962,611	127,458,964	(189,892,140)	721,914,707	23,359,198	745,273,905
Profit for the financial year		–	–	–	71,898,715	71,898,715	6,131,906	78,030,621
Other comprehensive income for the financial year:								
Remeasurement of post-employment benefits		–	–	–	11,272,593	11,272,593	593,294	11,865,887
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		–	–	–	(2,490,244)	(2,490,244)	(131,065)	(2,621,309)
Currency translation differences		–	–	(3,504,511)	–	(3,504,511)	–	(3,504,511)
Total comprehensive income for the financial year		–	–	(3,504,511)	80,681,064	77,176,553	6,594,135	83,770,688
Dividend to owners of the parent, representing total transactions with equity holders, recognised directly in equity	34	–	–	–	(26,327,983)	(26,327,983)	–	(26,327,983)
Dividend to the non-controlling interest		–	–	–	–	–	(3,500,000)	(3,500,000)
Shares buy back held in treasury	31	(2,121,512)	–	–	–	(2,121,512)	–	(2,121,512)
Balance as at 31.12.2021		714,263,760	67,962,611	123,954,453	(135,539,059)	770,641,765	26,453,333	797,095,098

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital Rp'000	Other reserves Rp'000	Accumulated profits/ (losses) Rp'000	Total equity Rp'000
Company					
Balance as at 1.1.2022		714,263,760	404,099,558	18,773,627	1,137,136,945
Profit for the financial year		–	–	(31,204,656)	(31,204,656)
Other comprehensive income for the financial year:					
Fair value though OCI investments	26	–	(1,525,575)	–	(1,525,575)
Currency translation differences		–	116,558,991	–	116,558,991
Total comprehensive income for the financial year		–	115,033,416	(31,204,656)	83,828,760
Total transactions with owners of the parent, recognised directly in equity					
Shares buy back held in treasury	31	(1,434,695)	–	–	(1,434,695)
Dividend to owners of the parent	34	–	–	(16,927,173)	(16,927,173)
Balance as at 31.12.2022		712,829,065	519,132,974	(29,358,202)	1,202,603,837
Balance as at 1.1.2021		716,385,272	416,348,079	17,528,171	1,150,261,522
Profit for the financial year		–	–	27,573,439	27,573,439
Other comprehensive income for the financial year:					
Currency translation differences		–	(12,248,521)	–	(12,248,521)
Total comprehensive income for the financial year		–	(12,248,521)	27,573,439	15,324,918
Total transactions with owners of the parent, recognised directly in equity					
Shares buy back held in treasury	31	(2,121,512)	–	–	(2,121,512)
Dividend to owners of the parent	34	–	–	(26,327,983)	(26,327,983)
Balance as at 31.12.2021		714,263,760	404,099,558	18,773,627	1,137,136,945

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Cash flows from operating activities		
Profit before income tax	**114,500,607**	99,956,490
Adjustments for:		
Amortisation of operating use rights	**6,360,645**	6,796,265
Amortisation of right-of-use assets	**1,200,683**	1,164,446
Changes in fair value less estimated point-of-sale costs of biological assets	**7,523,200**	(14,438,300)
Changes in fair value of financial assets at fair value through profit or loss	**(3,574,298)**	505,124
Deferred charges written off	**6,413,108**	–
Depreciation of bearer plants	**12,649,884**	11,096,575
Depreciation of property, plant and equipment	**20,671,857**	20,182,093
(Gain)/Loss on disposal of property, plant and equipment	**(39,073)**	5,908
Gain on disposal of bearer plants	**(716,816)**	–
Interest expense	**88,389**	126,513
Interest income	**(4,388,280)**	(5,208,797)
Inventories written off	**260,421**	–
Bearer plant written off	**6,208,984**	–
Loss allowance on trade and other receivables	**6,222,190**	–
Loss allowance on Plasma plantation receivables	**196,730**	527,683
Property, plant and equipment written off	**232,067**	5,557,597
(Write-back)/provision for post-employment benefits	**(9,965,672)**	6,264,127
Unrealised foreign exchange loss/(gain)	**14,019,277**	(3,511,523)
Operating cash flows before working capital changes	**177,863,903**	129,024,201
Working capital changes:		
Inventories	**(40,376,747)**	20,354,193
Trade and other receivables	**(12,108,784)**	(13,466,325)
Derivative financial instruments	**(2,097,121)**	2,469,943
Prepayments	**(354,104)**	(990,128)
Trade and other payables	**35,046,987**	(12,146,339)
Provision for post-employment benefits	**(1,717,783)**	(2,974,556)
Cash generated from operations	**156,256,351**	122,270,989
Interest paid	**(58,334)**	(75,746)
Interest received	**1,962,477**	1,950,012
Income tax paid, net	**(30,814,847)**	(7,138,148)
Net cash from operating activities	**127,345,647**	117,007,107

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group 2022 Rp'000	Group 2021 Rp'000
Cash flows from investing activities		
Capital expenditure on bearer plants	**(9,064,593)**	(16,981,981)
Proceeds from disposal of bearer plants	**–**	2,438,166
Disposal/(Addition) of financial assets at fair value through profit or loss	**1,352,123**	(3,775,965)
Addition of fair value through OCI investments	**(34,846,278)**	–
Purchases of property, plant and equipment	**(30,339,098)**	(83,053,386)
Proceeds from disposal of property, plant and equipment	**171,488**	259,416
Payments for deferred charges arising from acquisition of land location permit	**(94,609)**	(192,060)
Net cash used in investing activities	**(72,820,967))**	(101,305,810)
Cash flows from financing activities		
Dividend paid to owners of the parent	**(16,927,173)**	(26,327,983)
Shares buy back held in treasury	**(1,434,695)**	(2,121,512)
Repayments of obligations under leases (Note A)	**(1,172,340)**	(1,119,757)
Repayments of bank borrowing (Note A)	**–**	(72,004)
Interest paid (Note A)	**(88,389)**	(126,513)
Net cash used in financing activities	**(19,622,597)**	(29,767,769)
Net change in cash and cash equivalents	**34,902,083**	(14,066,472)
Cash and cash equivalents at the beginning of the financial year	**159,969,935**	173,853,172
Effects of currency translation on cash and cash equivalents	**8,343,662**	183,235
Cash and cash equivalents at the end of the financial year (Note 23)	**203,215,680**	159,969,935

Note A: Reconciliation of liabilities arising from financing activities

	1 January 2022 Rp'000	Cash flow Rp'000	Non-cash changes: Lease modification Rp'000	Non-cash changes: Interest expense Rp'000	Non-cash changes: Foreign exchange differences Rp'000	31 December 2022 Rp'000
Lease liabilities	**2,020,090**	**(1,260,729)**	**26,198**	**88,389**	**99,738**	**973,686**

	1 January 2021 Rp'000	Cash flow Rp'000	Non-cash changes: Lease modification Rp'000	Non-cash changes: Interest expense Rp'000	Non-cash changes: Foreign exchange differences Rp'000	31 December 2021 Rp'000
Bank borrowing	72,004	(72,786)	–	782	–	–
Lease liabilities	2,913,241	(1,245,488)	241,898	125,731	(15,292)	2,020,090
	2,985,245	(1,318,274)	241,898	126,513	(15,292)	2,020,090

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 ("GPR Investment") 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 the Company. GPR Investment is wholly-owned by the Adijanto Family Shareholders, and none of them individually exercises control over GPR Investment or dominates decision-making, whether directly or indirectly, in relation to the financial and operating policies of GPR Investment.

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, the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a Directors' resolution dated 12 April 2023.

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 Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022

The standards, amendments to standards, and interpretations 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.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations 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.

		Effective date (annual periods beginning on or after)
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to SFRS(I) 17	Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8	Definitions of Accounting Estimates	1 January 2023
Amendments to SFRS (I) – 12	Deferred Tax relating to Assets and Liabilities arising from a Single Transactions	1 January 2023
Amendments to SFRS(I) 1-1	Classification of liabilities as Current and Non-Current	1 January 2024
Amendments to SFRS (I) – 16	Lease Liability in Sale and Leaseback	1 January 2024

2.2 Basis of consolidation

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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

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

Non-controlling interests

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

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

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

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

2.3 Business combinations

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

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

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

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

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

Acquisition under common control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition

Sale of goods

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

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

Interest income

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

2.5 Borrowing costs

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

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

2.6 Employee benefits

Defined contribution plans

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

Defined benefit plans

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 11/2020 (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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Employee benefits (Continued)

Defined benefit plans (Continued)

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.

Employee leave entitlements

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

2.7 Taxes

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

Current income tax

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

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

Deferred tax

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Taxes (Continued)

Deferred tax (Continued)

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

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

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

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

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

Sales tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Bearer plants

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

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

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

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

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

2.9 Property, plant and equipment

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

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

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

	Years
Buildings and infrastructure	20 to 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.

NOTES TO **THE FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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.

2.10 Leases – as lessee

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

Initial measurement

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Leases – as lessee (Continued)

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	1 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 2.14 to the financial statements.

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

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

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

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

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Leases – as lessee (Continued)

Subsequent measurement (Continued)

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

2.11 Plasma plantation receivables

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

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

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

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

2.12 Operating use rights

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Deferred charges

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

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

2.14 Impairment of non-financial assets

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

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

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

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

2.15 Biological assets

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

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

2.16 Inventories

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments

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

Financial assets

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

(i) Amortised cost

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

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

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

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

(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".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

(iii) Financial assets at fair value other comprehensive income ("FVOCI")

For equity instruments that the Group has made an irrevocable election to classify the investment at fair value changes through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserves. Upon disposal, any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income and accumulated in fair value reserve.

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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

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

Trade and other payables

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

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.

Derivative financial instruments

The Group enters into derivatives financial instruments to manage its exposure to commodity price fluctuations. Derivatives are initially recognised at their fair values at the date the derivatives contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of item being hedged. The Group has not designated any of its derivatives as hedging instruments in the current or previous financial year.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.18 Cash and cash equivalents

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions

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

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

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

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

2.20 Foreign currency transactions and translation

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Dividends

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

2.22 Segment reporting

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

(i) Determination of functional currency

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.2 Key sources of estimation uncertainty

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

(i) Classification and impairment of Plasma plantation receivables

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

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

While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and estimated related purchases of FFB from the Plasma farmers and significant changes in key assumptions used may materially affect the classification of and the estimated future cash flows from the Plasma plantation receivables. As at 31 December 2022, management determined there is a significant increase in credit risk and an additional loss allowance on Plasma plantation receivables of Rp196,730,000 (2021: Rp527,683,000) was recognised during the financial year ended 31 December 2022 using lifetime ECL.

The carrying amount of the Group's Plasma plantation receivables as at 31 December 2022 is disclosed in Note 16 of the financial statements.

(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 2022 is disclosed in Note 19 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

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

The management follows the guidance of SFRS(I) 1-36 in determining whether 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. The discount rate used in measuring the value in use is 11.47% (2021: 12.37%). 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 2022 is disclosed in Note 15 of the financial statements.

(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 38.2(a). The information on expected credit loss on the Group's trade receivables is disclosed in Note 21.

Other receivables (excluding Plasma plantation receivables)

Management determines whether there is significant increase in credit risk of these counterparties since initial recognition. Management considers historical loss pattern, reasonable and supportable information that is relevant, various operating performance ratios as well as liquidity ratios of these counterparties. As at 31 December 2022, there is no significant increase in credit risk on these balances.

The carrying amounts of the Group's and the Company's trade and other receivables (excluding Plasma plantation receivables) as at 31 December 2022 are disclosed in Note 21 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 is disclosed in Note 12 of the financial statements.

(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 provision for post-employment benefits as at 31 December 2022 is disclosed in Note 28 of the financial statements.

4. REVENUE

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
By geographical regions		
Indonesia	**606,508,531**	535,455,179
Type of good		
Crude palm oil	**454,722,792**	416,849,002
Palm kernels	**56,200,700**	41,974,264
Fresh fruit bunches	**95,585,039**	76,631,913
	606,508,531	535,455,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. COST OF SALES

	Group	
	2022	2021
	Rp'000	Rp'000
Cost of inventories recognised as expense	**156,334,638**	173,199,424
Employee benefits expense – Direct labour	**47,301,108**	44,483,315
Depreciation of property, plant and equipment	**15,987,572**	18,403,145
Depreciation of bearer plants	**12,649,884**	11,096,575
Amortisation of operating use rights	**6,360,645**	6,796,265
Direct overheads	**134,752,756**	100,593,931
	373,386,603	354,572,655

6. INTEREST INCOME

	Group	
	2022	2021
	Rp'000	Rp'000
Interest income from:		
– bank balances and short-term deposits	**1,962,478**	1,945,685
– Plasma plantation receivables	**2,425,802**	3,263,112
	4,388,280	5,208,797

7. OTHER INCOME

	Group	
	2022	2021
	Rp'000	Rp'000
Changes in fair value of financial assets at FVTPL	**3,574,298**	–
Gain on disposal of property, plant and equipment	**39,073**	–
Sundry income from sale of sludge and kernel shells	**2,058,562**	2,795,037
Government grant	**–**	95,893
Compensation from insurance claim	**8,100**	107,080
Foreign exchange gain, net	**–**	3,810,282
Gain on disposal of bearer plants	**716,816**	–
Dividend income	**488,169**	404,284
Sundry income	**17,586**	1,416,091
	6,902,604	8,628,667

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. FINANCE COSTS

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Interest expense on:		
– bank borrowing	**–**	782
– lease liabilities (Note 27)	**88,389**	125,731
	88,389	126,513

9. PROFIT BEFORE INCOME TAX

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

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Distribution expenses		
Freight and stevedoring expenses	**4,509,833**	3,153,687
Transport and unloading expenses	**7,571,971**	5,618,166
Administrative expenses		
Amortisation of right-of-use assets	**1,200,683**	1,164,446
Audit fees		
– Auditors of the Company	**1,141,812**	1,285,010
– Other auditors – network firms	**415,000**	320,000
– Other auditors – non-network firms	**35,000**	30,000
Non-audit fees		
– Audit related services	**–**	–
– Non-audit related services	**–**	–
Bank charges	**47,508**	59,296
Depreciation of property, plant and equipment	**4,684,285**	1,778,948
Entertainment expenses	**1,435,612**	437,764
Employee benefits expense[1]		
– Salaries, wages and bonuses	**39,112,319**	34,223,710
– Employer's contributions to defined contribution plans	**394,136**	358,481
– Post-employment benefits	**(9,965,672)**	6,264,127
Office supplies/expenses	**1,777,613**	451,757
Professional fees	**6,073,501**	3,017,504
Repair and maintenance	**1,775,040**	692,006
Transportation, travelling and accommodation expenses	**1,573,346**	638,538

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2022	2021
	Rp'000	Rp'000
Other expenses		
Area survey expenses	365,775	377,772
Changes in fair value of financial assets at FVTPL	–	505,124
Deferred charges written off (Note 18)	6,413,108	–
Foreign exchange loss, net	17,459,995	–
Net fair value loss on derivative financial instruments (Note 25)	17,805,821	37,596,158
Property, plant and equipment written off	232,067	5,557,597
Immature plantation written off (Note 12)	117,430	–
Inventories written off	260,421	–
Loss on disposal of property, plant and equipment (Note 13)	–	5,908
Mature plantation written off (Note 12)	6,091,554	–

(1) Employee benefits expense includes key management personnel remuneration as disclosed in Note 36 to the financial statements.

10. INCOME TAX EXPENSE/(CREDIT)

	Group	
	2022	2021
	Rp'000	Rp'000
Current income tax		
– current financial year	36,125,397	14,044,638
– overprovision in prior financial years	–	(443,724)
– withholding tax on interest income	568,829	652,541
– withholding tax on dividend income	–	6,650,000
	36,694,226	20,903,455
Deferred income tax		
– current financial year	140,721	1,022,414
Total income tax expense recognised in profit or loss	36,834,947	21,925,869

Reconciliation of effective tax rate

Income tax is calculated at the Indonesian income tax rate of 22% (2021: 22%) as the Group's operations are mainly in Indonesia. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Reconciliation of effective tax rate (Continued)

The income tax expense varied from the amount of income tax determined by applying the income tax rate of 22% (2021: 22%) to profit before income tax as a result of the following differences:

	Group	
	2022	2021
	Rp'000	Rp'000
Profit before income tax	**114,500,607**	99,956,490
Income tax calculated at 22% (2021: 22%)	**25,190,134**	21,990,428
Tax effect of income not subject to tax	**1,611,423**	(4,283,139)
Tax effect of expenses not deductible	**7,880,731**	6,077,533
Tax effect of tax-exempt income	**(102,758)**	–
Overprovision in prior financial years	**–**	(443,724)
Withholding tax on interest income	**568,829**	652,541
Withholding tax on dividend income	**–**	6,650,000
Effect of different income tax rate of entities operating in other jurisdiction	**1,677,400**	1,896,506
Utilisation of previously unrecognised tax losses	**(672,688)**	(15,314,034)
Deferred tax assets not recognised	**202,007**	4,880,288
Others	**479,869**	(180,530)
	36,834,947	21,925,869

Income tax recognised in other comprehensive income

	Group					
		2022			2021	
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Remeasurement of post-employment benefits	**2,047,105**	**(450,363)**	**1,596,742**	11,865,887	(2,621,309)	9,244,578

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. EARNINGS PER SHARE

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

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
The calculation of basic and diluted earnings per share is based on:		
Profit for the financial year attributable to owners of the parent (Rp'000)	**72,067,408**	71,898,715
Weighted average number of ordinary shares ('000)	**249,457**	250,420
	Rp	Rp
Earnings per share		
– Basic and diluted	**289**	287

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 1.1.2022	310,529,376	40,089,033	187,654	5,561,473	356,367,536
Additions	–	3,625,830	3,297,323	2,141,440	9,064,593
Disposals	(305,003)	–	–	(965,270)	(1,270,273)
Write off	(16,491,802)	(117,430)	–	–	(16,609,232)
Reclassification	29,343,556	(24,959,043)	(2,321,460)	(2,063,053)	–
Balance as at 31.12.2022	323,076,127	18,638,390	1,163,517	4,674,590	347,552,624
Accumulated depreciation					
Balance as at 1.1.2022	59,367,743	–	–	–	59,367,743
Depreciation for the financial year	12,649,884	–	–	–	12,649,884
Disposals	(16,267)	–	–	–	(16,267)
Write off	(10,400,248)	–	–	–	(10,400,248)
Balance as at 31.12.2022	61,601,112	–	–	–	61,601,112
Carrying amount					
Balance as at 31.12.2022	261,475,015	18,638,390	1,163,517	4,674,590	285,951,512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 1.1.2021	301,226,910	42,994,403	64,753	7,313,085	351,599,151
Additions	–	11,022,588	3,105,526	2,853,867	16,981,981
Disposals	–	–	–	(2,438,166)	(2,438,166)
Write off	(9,775,430)	–	–	–	(9,775,430)
Reclassification	19,077,896	(13,927,958)	(2,982,625)	(2,167,313)	–
Balance as at 31.12.2021	310,529,376	40,089,033	187,654	5,561,473	356,367,536
Accumulated depreciation					
Balance as at 1.1.2021	58,046,598	–	–	–	58,046,598
Depreciation for the financial year	11,096,575	–	–	–	11,096,575
Write off	(9,775,430)	–	–	–	(9,775,430)
Balance as at 31.12.2021	59,367,743	–	–	–	59,367,743
Carrying amount					
Balance as at 31.12.2021	251,161,633	40,089,033	187,654	5,561,473	296,999,793

During the current financial year, the Group recorded a write off of net book value of approximately Rp6,091,554,000 due to flood damages to the mature oil palm plantations.

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 1.1.2022	203,662,250	95,184,369	76,783,726	4,999,567	1,494,809	382,124,721
Additions	10,163,777	989,174	13,541,472	3,286,840	2,357,835	30,339,098
Disposals	–	–	(400,566)	–	–	(400,566)
Write off	(62,816)	(294,579)	(4,996,320)	–	–	(5,353,715)
Reclassification	2,135,372	–	–	–	(2,135,372)	–
Currency translation differences	–	–	158,262	222,667	–	380,929
Balance as at 31.12.2022	215,898,583	95,878,964	85,086,574	8,509,074	1,717,272	407,090,467
Accumulated depreciation						
Balance as at 1.1.2022	50,011,669	45,032,425	48,828,277	3,561,162	–	147,433,533
Depreciation for the financial year	10,123,054	5,073,770	5,159,278	315,755	–	20,671,857
Disposals	–	–	(268,151)	–	–	(268,151)
Write off	(47,757)	(97,131)	(4,976,760)	–	–	(5,121,648)
Currency translation differences	–	–	158,262	220,552	–	378,814
Balance as at 31.12.2022	60,086,966	50,009,064	48,900,906	4,097,469	–	163,094,405
Carrying amount						
Balance as at 31.12.2022	155,811,617	45,869,900	36,185,668	4,411,605	1,717,272	243,996,062

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 1.1.2021	129,122,705	105,116,249	72,840,488	4,309,867	293,326	311,682,635
Additions	73,906,432	1,162,949	5,420,572	728,837	1,834,596	83,053,386
Disposals	–	–	(1,496,633)	–	–	(1,496,633)
Write off	–	(11,094,829)	–	–	–	(11,094,829)
Reclassification	633,113	–	–	–	(633,113)	–
Currency translation differences	–	–	19,299	(39,137)	–	(19,838)
Balance as at 31.12.2021	203,662,250	95,184,369	76,783,726	4,999,567	1,494,809	382,124,721
Accumulated depreciation						
Balance as at 1.1.2021	40,326,987	44,956,883	45,369,634	3,386,191	–	134,039,695
Depreciation for the financial year	9,684,682	5,612,774	4,670,653	213,984	–	20,182,093
Disposals	–	–	(1,231,309)	–	–	(1,231,309)
Write off	–	(5,537,232)	–	–	–	(5,537,232)
Currency translation differences	–	–	19,299	(39,013)	–	(19,714)
Balance as at 31.12.2021	50,011,669	45,032,425	48,828,277	3,561,162	–	147,433,533
Carrying amount						
Balance as at 31.12.2021	153,650,581	50,151,944	27,955,449	1,438,405	1,494,809	234,691,188

	Motor vehicles Rp'000	Office equipment Rp'000	Total Rp'000
Company			
Cost			
Balance as at 1.1.2022	1,881,366	1,870,637	3,752,003
Additions	–	18,567	18,567
Currency translation differences	158,262	221,201	379,463
Balance as at 31.12.2022	2,039,628	2,110,405	4,150,033
Accumulated depreciation			
Balance as at 1.1.2022	1,881,366	1,859,370	3,740,736
Depreciation for the financial year	–	6,462	6,462
Currency translation differences	158,262	220,552	378,814
Balance as at 31.12.2022	2,039,628	2,086,384	4,126,012
Carrying amount			
Balance as at 31.12.2022	–	24,021	24,021

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles Rp'000	Office equipment Rp'000	Total Rp'000
Cost			
Balance as at 1.1.2021	1,862,067	1,893,336	3,755,403
Additions	–	16,438	16,438
Currency translation differences	19,299	(39,137)	(19,838)
Balance as at 31.12.2021	1,881,366	1,870,637	3,752,003
Accumulated depreciation			
Balance as at 1.1.2021	1,862,067	1,884,021	3,746,088
Depreciation for the financial year	–	14,362	14,362
Currency translation differences	19,299	(39,013)	(19,714)
Balance as at 31.12.2021	1,881,366	1,859,370	3,740,736
Carrying amount			
Balance as at 31.12.2021	–	11,267	11,267

14. RIGHT-OF-USE ASSETS

	Group		Company	
	2022 Rp'000	2021 Rp'000	2022 Rp'000	2021 Rp'000
Balance as at the beginning of the financial year	**1,961,772**	2,898,750	**1,616,077**	2,566,147
Modifications to lease term	**26,198**	241,898	**26,198**	–
Additions	**39,999**	–	**–**	–
Amortisation for the financial year	**(1,200,683)**	(1,164,446)	**(963,381)**	(935,640)
Currency translation differences	**92,191**	(14,430)	**92,191**	(14,430)
Balance as at the end of the financial year	**919,477**	1,961,772	**771,085**	1,616,077

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	**2021**
	Rp'000	**Rp'000**
Unquoted equity shares in corporations, at cost		
Balance as at the beginning of the financial year	**763,424,287**	771,419,617
Currency translation differences	**81,555,700**	(7,995,330)
Balance as at the end of the financial year	**844,979,987**	763,424,287

Details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	**Principal activities**	**Proportion of ownership interest held by the Group**		**Proportion of ownership interest held by non-controlling interest**	
		2022	**2021**	**2022**	**2021**
		%	**%**	**%**	**%**
Held by the Company					
Global Palm Resources Private Limited[(1)] (Singapore)	Investment holding company	**100**	100	**–**	–
Held by Global Palm Resources Private Limited					
PT Prakarsa Tani Sejati[(2)] (Indonesia)	Oil palm plantations and manufacturing of plantation products (crude palm oil and palm kernels)	**95**	95	**5**	5
PT Bumi Raya Agro[(3)] (Indonesia)	Agriculture and plantation	**95**	95	**5**	5
PT Cemaru Lestari[(2)] (Indonesia)	Trading, agriculture and plantation	**95**	95	**5**	5

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

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

(3) Audited by KAP Yahya Santosa dan Rekan, Indonesia, a member firm of Praxity, Global Alliance of Independent Firms

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interest

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

	PT Prakarsa Tani Sejati		PT Cemaru Lestari	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Revenue	510,923,492	458,823,266	95,585,039	76,631,913
Profit before income tax	141,469,765	114,960,919	7,674,374	23,518,571
Income tax expense	(32,885,282)	(13,794,816)	(3,194,555)	(1,453,201)
Profit for the financial year	108,584,483	101,166,103	4,479,819	22,065,370
Profit allocated to NCI	5,429,224	5,058,305	223,991	1,103,268
Other comprehensive income allocated to NCI	96,676	417,607	5,679	44,622
Total comprehensive income allocated to NCI	5,525,900	5,475,912	229,670	1,147,890
Cash flows from/(used in) operating activities	77,020,070	83,298,365	(18,572,298)	30,429,048
Cash flows used in investing activities	(28,683,473)	(96,002,216)	(6,993,909)	(4,434,375)
Cash flows used in financing activities	(33,539,929)	(27,803,769)	(12,000)	(12,000)
Net cash inflows/(outflows)	14,796,668	(40,507,620)	(25,578,207)	25,982,673
Assets:				
Current assets	251,387,841	185,080,756	31,824,616	59,095,080
Non-current assets	405,665,768	410,592,917	128,618,075	142,309,255
Liabilities:				
Current liabilities	(180,019,547)	(217,498,942)	(36,781,572)	(80,280,185)
Non-current liabilities	(29,871,452)	(41,104,750)	(4,407,386)	(6,438,832)
Net assets	447,162,610	337,069,981	119,253,733	114,685,318
Accumulated non-controlling interests	22,358,131	16,853,499	5,962,687	5,734,266

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. PLASMA PLANTATION RECEIVABLES

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Plasma plantation receivables	**49,324,444**	53,662,032
Less: Loss allowance	**(4,101,998)**	(3,905,268)
	45,222,446	49,756,764
Less: Current portion (Note 21)	**(7,378,920)**	(5,277,644)
Non-current portion	**37,843,526**	44,479,120

Plasma plantation receivables are secured by operating use rights and bear interest at 11% (2021: 11%) per annum, with no fixed repayment term and will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of FFB from the Plasma farmers.

The management determined there is a significant increase in credit risk and an additional loss allowance on Plasma plantation receivables of Rp196,730,000 (2021: Rp527,683,000) was recognised during the financial year ended 31 December 2022 using lifetime ECL as the amount is unlikely to be repaid.

Based on the management's estimate, the Plasma plantation receivables is expected to be repaid within the next 1 to 22 years (2022: 1 to 18 years) when the Plasma plantations have a remaining maturity period of 11 to 22 years (2021: 12 to 18 years). Management also determined that Plasma plantation receivables of Rp7,378,920,000 (2021: Rp5,277,644,000) is expected to be recovered within the next financial year and classified as current receivables. The remaining balance of Rp37,843,526,000 (2021: Rp44,479,120,000) is estimated to be recovered by 2043 (2021: 2039).

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

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Balance as at the beginning of the financial year	**3,905,268**	3,377,585
Loss allowance recognised during the financial year	**196,730**	527,683
Balance as at the end of the financial year	**4,101,998**	3,905,268

Plasma plantation receivables are denominated in Indonesian rupiah.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. OPERATING USE RIGHTS

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Cost		
Balance as at the beginning and end of the financial year	**58,730,915**	58,730,915
Accumulated amortisation		
Balance as at the beginning of the financial year	**7,854,094**	1,057,829
Amortisation for the financial year	**6,360,645**	6,796,265
Balance as at the end of the financial year	**14,214,739**	7,854,094
Carrying amount		
Balance as at the end of the financial year	**44,516,176**	50,876,821

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

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Remaining amortisation period	**7**	8

18. DEFERRED CHARGES

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Balance as at the beginning of the financial year	**37,832,099**	37,640,039
Additions	**94,609**	192,060
Write off	**(6,413,108)**	–
Balance as at the end of the financial year	**31,513,600**	37,832,099

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 the current financial year, there was a write-off of deferred charges amounting to Rp6,413,108,000 due to expiry of land location permits.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. BIOLOGICAL ASSETS

	Group	
	2022	2021
	Rp'000	Rp'000
At fair value		
Balance as at the beginning of the financial year	**31,251,200**	16,812,900
Changes in fair value less estimated point-of-sale costs	**(7,523,200)**	14,438,300
Balance as at the end of the financial year	**23,728,000**	31,251,200

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 155,302 (2021: 129,121) 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 12,821.40 tonnes (2021: 12,017.95 tonnes) of FFB. The fair values of FFB are determined with reference to their market prices.

The fair values of FFB are 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. The details of significant unobservable inputs and its relationship to fair value is disclosed in Note 39(e)(iii) to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INVENTORIES

	Group	
	2022	**2021**
	Rp'000	**Rp'000**
Finished goods	**31,461,259**	6,039,930
Production supplies	**29,309,995**	14,201,612
Fresh fruit bunches	**26,197**	439,584
	60,797,451	20,681,126

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**
Trade receivables – third parties	**15,865,016**	15,867,866	**–**	–
Less: Loss allowance	**(5,961,503)**	–	**–**	–
	9,903,513	15,867,966		
Other receivables				
– subsidiaries	**–**	–	**5,891,349**	8,184,139
– third parties	**7,200,866**	3,033,437	**–**	–
Plasma plantation receivables (Note 16)	**7,378,920**	5,277,644	**–**	–
– loans to subsidiaries	**–**	–	**208,231,950**	286,078,225
Less: Loss allowance	**(260,687)**	–	**–**	–
	14,319,099	8,311,081	**214,123,299**	294,262,364
VAT recoverable	**5,184**	191,580	**–**	–
Refundable deposits	**34,731,475**	12,878,683	**34,565,120**	12,712,362
Total trade and other receivables	**58,959,271**	37,249,210	**248,688,419**	306,974,726
Less: Non – current	**(4,900,000)**	–	**–**	–
Current portion	**54,059,271**	37,249,210	**248,688,419**	306,974,726

During the current financial year, the Group has provided for a loss allowance of Rp5,961,503,000 and Rp260,687,000 for credit impaired trade receivables and other receivables respectively.

Trade receivables are unsecured, non-interest bearing and generally on 30 days' (2021: 30 days') credit terms.

Other receivables from third parties are unsecured, non-interest bearing and repayable on demand, except for an amount of Rp4,900,000,000 which bear interest at 5% per annum.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. Except for an amount of Rp119,429,454,000 (2021: Rp204,912,061,000) which bears effective interest rate ranging from 2.31% to 5.85% (2021: 2.31% to 3.31%) per annum, the loans to subsidiaries are unsecured, interest free and repayable on demand.

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

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**24,388,613**	24,344,947	**81,233,935**	86,354,635
Singapore dollar	**10,248,666**	878,010	**143,137,676**	208,785,418
Malaysian ringgit	**24,316,808**	11,834,673	**24,316,808**	11,834,673
	58,954,087	37,057,630	**248,688,419**	306,974,726

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Balance as at the beginning of the financial year	**10,688,511**	7,463,370	**3,468,496**	–
(Disposals)/Additions	**(1,352,123)**	3,775,965	**–**	3,183,887
Changes in fair value during the financial year	**3,574,298**	(505,124)	**(42,855)**	330,309
Currency translation differences	**366,857**	(45,700)	**366,857**	(45,700)
Balance as at the end of the financial year	**13,277,543**	10,688,511	**3,792,498**	3,468,496
Comprising:				
Listed securities:				
Equity securities – Singapore	**3,792,498**	3,468,496	**3,792,498**	3,468,496
Equity securities – Indonesia	**9,485,045**	7,220,015	**–**	–

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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The quoted equity securities are denominated in the following currencies:

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**9,485,045**	7,220,015	**–**	–
Singapore dollar	**3,792,498**	3,468,496	**3,792,498**	3,468,496
	13,277,543	10,688,511	**3,792,498**	3,468,496

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Cash and bank balances	**187,484,680**	134,700,935	**49,652,978**	12,014,575
Fixed deposits with banks	**15,731,000**	25,269,000	**–**	–
	203,215,680	159,969,935	**49,652,978**	12,014,575

The interest rates on the fixed deposits range from 0.25% (2021: 0.35% to 6.5%) per annum and have a tenure of 30 (2021: 28 to 31) days.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**133,291,770**	100,229,066	**38,565,088**	5,780,202
Singapore dollar	**12,037,758**	7,092,369	**10,984,480**	6,140,373
United States dollar	**57,886,152**	52,648,500	**103,410**	94,000
	203,215,680	159,969,935	**49,652,978**	12,014,575

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Trade payables – third parties	19,167,124	17,535,610	–	–
Other payables				
– related parties	3,242,352	–	–	–
– third parties	9,976,510	2,174,750	–	–
	13,218,862	2,174,750	–	–
VAT payable	3,003,520	968,763	–	–
Other taxes payable	1,674,623	4,166,671	–	–
Accrued operating expenses	11,536,932	10,916,413	1,842,718	1,595,339
Advances from customers	24,019,800	2,079,142	–	–
	72,620,861	37,841,349	1,842,718	1,595,339

Trade payables are unsecured, non-interest bearing and are normally settled within 30 to 60 days (2021: 30 to 60 days).

The non-trade amounts due to related parties relate to the advances from relates 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.

Movements in advances from customers:

	Group	
	2022	2021
	Rp'000	Rp'000
Balance as at the beginning of the financial year	2,079,142	16,817,400
Amount recognised as revenue	(2,079,142)	(16,817,400)
Cash received in advance of performance and not recognised as revenue	24,019,800	2,079,142
Balance as at the end of the financial year	24,019,800	2,079,142

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

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	41,915,029	28,162,767	–	–
Singapore dollar	2,007,889	2,464,006	1,842,718	1,595,339
	43,922,918	30,626,773	1,842,718	1,595,339

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and Company classifies derivative financial instruments as financial assets or liabilities at fair value through profit or loss with the resulting gain or loss recognised immediately in the profit or loss.

The details of the contracts outstanding as at the end of the reporting period are as follows:

	Group and Company			
	2022		2021	
	Notional amount Rp'000	Assets/ (Liabilities) Rp'000	Notional amount Rp'000	Assets/ (Liabilities) Rp'000
Commodity futures contracts	**40,234,092**	**(421,594)**	91,136,638	(2,442,342)
Total derivative financial instruments		**(421,594)**		(2,442,342)

During the current financial year, the Group and Company recognised a loss from derivative financial instruments of Rp17,805,821,000 (2021: Rp37,596,158,000) in the profit or loss.

26. FAIR VALUE THROUGH OCI INVESTMENTS

	Group and Company	
	2022 Rp'000	2021 Rp'000
Balance as at the beginning of the financial year	**–**	–
Additions	**34,846,278**	–
Fair value changes through OCI	**(1,525,575)**	–
Balance as at the end of the financial year	**33,320,703**	–
Details of the investments are as follows:		
Unlisted equity instruments		
– Investment in Always Seek Value ("ASV") fund	**33,320,703**	–

The Group has designated the above equity instruments to be measured at fair value through other comprehensive income ("OCI"). The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes.

The investment in equity instruments measured at fair value through OCI was denominated in Singapore dollar.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. LEASE LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Balance as at the beginning of the financial year	**2,020,090**	2,913,241	**1,693,664**	2,626,100
Lease modification	**26,198**	241,898	**26,198**	–
Interest expense (Note 8)	**88,389**	125,731	**68,043**	107,664
Lease payments				
– Principal portion	**(1, 172,340)**	(1,119,757)	**(972,005)**	(917,144)
– Interest portion	**(88,389)**	(125,731)	**(68,043)**	(107,664)
Currency translation differences	**99,740**	(15,292)	**99,738**	(15,292)
Balance as at the end of the financial year	**973,686**	2,020,090	**847,595**	1,693,664

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

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Contractual undiscounted cash flows				
– Not later than a year	**973,686**	1,232,160	**847,595**	1,011,482
– Between one and two years	**–**	890,612	**–**	758,612
– Between two and five years	**–**	–	**–**	–
	973,686	2,122,772	**847,595**	1,770,094
Less: Future interest expense	**–**	(102,682)	**–**	(76,430)
Present value of lease liabilities	**973,686**	2,020,090	**847,595**	1,693,664
Presented in statements of financial position				
– Non-current	**–**	869,106	**–**	743,482
– Current	**973,686**	1,150,984	**847,595**	950,182
	973,686	2,020,090	**847,595**	1,693,664

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 2022, the incremental borrowing rate applied ranges from 4.86% to 8.54% (2021: 4.86% to 9.06%).

The lease liabilities are denominated in the following currencies:

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**126,091**	326,426	**–**	–
Singapore dollar	**847,595**	1,693,664	**847,595**	1,693,664
	973,686	2,020,090	**847,595**	1,693,664

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. PROVISION FOR POST-EMPLOYMENT BENEFITS

	Group	
	2022	2021
	Rp'000	Rp'000
Present value of retirement benefit obligations	**(32,458,498)**	(49,352,957)
Fair value of plan assets	**11,393,733**	14,557,632
	(21,064,765)	(34,795,325)

The Group recognises provision for post-employment benefits for all its permanent employees in accordance with Indonesian Labour Law No. 11/2020. 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:

	2022	2021
Discount rate	**6.36% – 7.09% per annum**	6.36% – 6.61% per annum
Wages and salary growth rate	**6% per annum**	6% per annum
Mortality rate	**TMI 2019**	TMI 2019
Retirement age	**57 years of age**	55 years of age
Average of remaining service	**14.15 years**	12.86 years
Method	**Projected unit credit**	Projected unit credit

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of post-employment benefits

	Group	
	2022	2021
	Rp'000	Rp'000
Balance, representing present value of obligation, as at the beginning of the financial year	**49,352,957**	57,861,156
Included in profit or loss		
Current service costs	**3,431,098**	3,662,701
Curtailment costs	**–**	–
Recognition of past services cost:		
– Effect on changes in benefits and retirement age	**(10,145,292)**	–
– Effect on IFRIC implementation (Note A)	**(5,425,661)**	–
Interest costs	**3,030,888**	3,522,071
	(9,108,967)	7,184,772
Provision utilised during the financial year	**(4,895,554)**	(3,435,069)
Included in other comprehensive income		
Remeasurement of post-employment benefits from:		
– Financial assumptions	**(453,500)**	(9,016,280)
– Experience adjustments	**(2,436,438)**	(3,241,622)
	(2,889,938)	(12,257,902)
Balance, representing present value of obligation, as at the end of the financial year	**(32,458,498)**	49,352,957

Note A: In April 2022, the Financial Accounting Standards Board of the Indonesian Institute of Accountants ("DSAK IAI") issued a press release on the application of IAS 19 Employee Benefits Agenda Decision on Attributing Benefit to Period of Service ("IFRIC") in relation to the distribution of rewards for the service period under PSAK 24: Employee Benefits (PSAK 24 adopted from IAS 19). The press release clarified that an entity's constructive obligation to provide pension benefits first arises only when an employee reaches the age of 32 years till the retirement age of 57 years which is a maximum of 25 years of service till retirement. Prior to the clarification, the Group provided pension benefits when an employee started working. The effects of the IFRIC implementation amounted to approximately Rp5.4 billion recognised in profit or loss.

Reconciliation of fair value of the plan assets:

	Group	
	2022	2021
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**14,557,632**	14,489,514
Included in profit or loss		
Interest	**856,705**	920,647
Included in other comprehensive income		
Return on plan assets (excluding interest)	**(842,833)**	(392,015)
Others		
Employer contributions	**1,717,782**	2,974,555
Benefits paid	**(4,895,553)**	(3,435,069)
	(3,177,771)	(460,514)
Balance as at the end of the financial year	**11,393,733**	14,557,632

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of fair value of the plan assets: (Continued)

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

	Group	
	2022	2021
	Rp'000	Rp'000
Equity fund	354,930	418,770
Fixed income fund	3,388,657	4,747,618
Money market fund	4,531,149	5,690,983
Syariah fund	2,245,194	2,821,332
US dollar fund	873,803	878,929
	11,393,733	14,557,632

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	Decrease
		Rp'000	Rp'000
2022			
Discount rate	1%	(2,146,572)	1,735,602
Wages and salary growth rate	1%	2,446,029	(2,603,677)
Mortality rate	1%	(26,423)	143,741
2021			
Discount rate	1%	(3,274,426)	3,224,825
Wages and salary growth rate	1%	3,662,711	(3,687,731)
Mortality rate	1%	1,177	(1,177)

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. PROVISION FOR RESTORATION

	Group and Company	
	2022	**2021**
	Rp'000	**Rp'000**
Balance as at the beginning of the financial year	**165,275**	167,006
Currency translation differences	**17,656**	(1,731)
Balance as at the end of the financial year	**182,931**	165,275

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.

30. DEFERRED TAX LIABILITIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**
Balance as at the beginning of the financial year	**41,212,864**	37,568,657	**–**	180,950
Charged to profit or loss	**140,721**	1,022,414	**85,898**	(181,434)
Charged to other comprehensive income	**450,363**	2,621,309	**–**	–
Currency translation differences	**7,374**	484	**7,374**	484
Balance as at the end of the financial year	**41,811,322**	41,212,864	**93,272**	–

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 1.1.2021	3,698,838	19,231,138	23,999,492	180,950	(9,541,761)	37,568,657
Charged/(Credited) to profit or loss	3,512,684	(1,352,209)	640,686	(181,434)	(1,597,313)	1,022,414
Credited to other comprehensive income	–	–	–	–	2,621,309	2,621,309
Currency translation differences	–	–	–	484	–	484
Balance as at 31.12.2021	7,211,522	17,878,929	24,640,178	–	(8,517,765)	41,212,864
Charged to profit or loss	(1,655,104)	264,176	287,552	85,899	1,158,198	140,721
Credited to other comprehensive income	–	–	–	–	450,363	450,363
Currency translation differences	–	–	–	7,374	–	7,374
Balance as at 31.12.2022	5,556,418	18,143,105	24,927,730	93,273	(6,909,204)	41,811,322

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. DEFERRED TAX LIABILITIES (CONTINUED)

	Unremitted earnings Rp'000
Company	
Balance as at 1.1.2022	–
Credited to profit or loss	85,898
Foreign currency translation	7,374
Balance as at 31.12.2022	93,272
Balance as at 1.1.2021	180,950
Credited to profit or loss	(181,434)
Foreign currency translation	484
Balance as at 31.12.2021	–

The Group and the Company had recognised deferred tax liabilities on unremitted earning, pertaining to interest income, amounting to approximately Rp93,273,000 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 Rp272,980,421,000 (2021: Rp229,962,171,000) as the Group does not expect to distribute such earnings in the foreseeable future. Such withholding tax liability is estimated to be Rp27,298,042,000 (2021: Rp22,996,171,000).

Unrecognised deferred tax assets

	Group	
	2022 Rp'000	2021 Rp'000
Unutilised tax losses		
Balance as at the beginning of the financial year	**1,207,135**	11,640,881
Addition	**202,007**	4,880,288
Utilisation of tax losses	**(672,688)**	(15,314,034)
Balance as at the end of the financial year	**736,454**	1,207,135

Deferred tax asset has not been recognised in respect of the unutilised tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. As at the end of the financial year, the Group had unutilised tax losses of approximately Rp3,347,518,000 (2021: Rp5,486,975,000) 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 2025 and 2027 (2021: 2024 and 2026).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	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	**261,640**	261,640	**751,160,874**	751,160,874
Treasury shares				
Balance as at the beginning of the financial year	**11,704**	10,586	**36,897,114**	34,775,602
Shares re-acquired and held as treasury shares	**597**	1,118	**1,434,695**	2,121,512
Balance as at the end of the financial year	**12,301**	11,704	**38,331,809**	36,897,114
Balance as at the end of the financial year (excluding treasury shares)	**249,339**	249,936	**712,829,065**	714,263,760

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. As at the end of the financial year, the Company acquired 597,000 (2021: 1,118,000) of its ordinary shares in the open market. The total amount paid to acquire these shares was Rp1,434,695,000 (2021: Rp2,121,512,000) and this was presented as a component within shareholders' equity.

32. CAPITAL RESERVE

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

33. OTHER RESERVES

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
Fair value reserves	**(1,525,575)**	–	**(1,525,575)**	–
Foreign currency translation reserve	**151,321,411**	123,954,453	**520,658,549**	404,099,558
	149,795,836	123,954,453	**519,132,974**	404,099,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OTHER RESERVES (CONTINUED)

Fair value reserves

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets measured at FVOCI until they are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to retained earnings.

	Group and Company	
	2022	2021
	Rp'000	Rp'000
At 1 January	–	–
Net fair value loss	(1,525,575)	–
At 31 December	(1,525,575)	–

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.

	Group		Company	
	2022	2021	2022	2021
	Rp'000	Rp'000	Rp'000	Rp'000
At 1 January	123,954,453	127,458,964	404,099,558	416,348,079
Exchange differences arising from translation of foreign operations	27,366,958	(3,504,511)	116,558,991	(12,248,521)
At 31 December	151,321,411	123,954,453	520,658,549	404,099,558

34. DIVIDEND

	Group and Company	
	2022	2021
	Rp'000	Rp'000
Interim tax-exempt dividend of S$0.01 (approximately Rp100.62) per ordinary share in respect of the financial year ended 31 December 2021	–	26,327,983
Final tax-exempt dividend of S$0.0065 (approximately Rp75.78) per ordinary share in respect of the financial year ended 31 December 2021	16,927,173	–

The Board of Directors of the Company did not recommend any dividend in respect of the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. COMMITMENTS

35.1 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	
	2022	2021
	Rp'000	Rp'000
Sales	**212,159,000**	152,866,000

36. 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	
	2022	2021
	Rp'000	Rp'000
Related parties		
Purchase of spare parts and fuel from related parties	**788,100**	569,567
Services received from related parties	**300,000**	300,000
Rental of premises charged by related parties	**221,669**	220,679
Purchase of fertilisers from related parties	**–**	220,900

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

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

Key management personnel remuneration

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

	Group	
	2022	2021
	Rp'000	Rp'000
Short-term benefits	**17,965,937**	14,423,207
Analysed into:		
Directors of the Company	**8,927,438**	6,845,538
Directors of the subsidiary	**3,028,699**	1,918,667
Other key management personnel	**6,009,800**	5,659,002
	17,965,937	14,423,207
Directors' fees	**2,156,930**	1,948,747

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. 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.

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

38.1 Financial instruments

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

	Group		Company	
	2022 Rp'000	2021 Rp'000	2022 Rp'000	2021 Rp'000
Financial assets				
Plasma plantation receivables[1]	**37,843,526**	44,479,120	**–**	–
Trade and other receivables[2]	**58,954,087**	37,057,630	**248,688,419**	306,974,726
Dividend receivable	**–**	–	**24,572,888**	55,262,718
Cash and cash equivalents	**203,215,680**	159,969,935	**49,652,978**	12,014,575
Financial assets at amortised cost	**300,013,293**	241,506,685	**322,914,285**	374,252,019
Fair value through OCI investments	**33,320,703**	–	**33,320,703**	–
Financial assets at fair value through profit or loss	**13,277,543**	10,688,511	**3,792,498**	3,468,496
	346,611,539	252,195,196	**360,027,486**	377,720,515
Financial liabilities				
Trade and other payables[3]	**43,922,918**	30,626,773	**1,842,718**	1,595,339
Lease liabilities	**973,686**	2,020,090	**847,595**	1,693,664
Dividend payable to non-controlling interest	**3,500,000**	3,500,000	**–**	–
Financial liabilities at amortised cost	**48,396,604**	36,146,863	**2,690,313**	3,289,003
Derivative financial instruments	**421,594**	2,442,342	**421,594**	2,442,342
	48,818,198	38,589,205	**3,111,907**	5,731,345

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.

38.2 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 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 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 Rp45,222,446,000 (2021: Rp49,756,764,000).

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries amounting to approximately Rp214,123,299,000 (2021: Rp294,262,364,000) which represented 86.1% (2021: 95.9%) of total trade and other receivables, and dividend receivable amounting to Rp24,572,888,000 (2021: Rp55,262,718,000).

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. Further disclosures regarding trade receivables are provided in Note 21 to the financial statements.

The lifetime expected credit losses, on collective basis, for the Group's trade receivables are as follows:

	Current Rp'000	More than 90 days past due Rp'000	Total Rp'000
Group			
2022			
Expected loss rate	–	56%	
Gross carrying amount	5,364,539	10,500,477	15,865,016
Loss allowance	–	(5,961,503)	(5,961,503)
Net carrying amount	5,364,539	4,538,974	9,903,513
2021			
Expected loss rate	–	–	
Gross carrying amount	15,867,866	–	15,867,866
Loss allowance	–	–	–
Net carrying amount	15,867,866	–	15,867,866

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(a) Credit risks (Continued)

Other receivables (excluding Plasma plantation receivables)

The Group has applied the general approach in accordance with SFRS(I) 9 to measure the loss allowance of other receivables using 12-month ECL. Credit risk for these receivables has not increased significantly since their initial recognition except for certain other receivables which have been determined to be credit impaired, lifetime expected credit losses are recognised. Further disclosures regarding other receivables that are credit impaired are provided in Note 21 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. For Plasma plantation receivables where the credit risk management practice is disclosed in Note 16 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.

(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 currencies that gives rise to this risk of the Company are primarily United States dollar ("USD"), Malaysian ringgit ("MYR") and Indonesian rupiah ("IDR")

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(b) Market risks (Continued)

Foreign currency risks (Continued)

The Group's currency exposure is as follows:

Group	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
2022					
Total financial assets	**59,399,625**	**57,886,152**	**24,316,808**	**205,008,954**	**346,611,539**
Total financial liabilities	**(2,855,484)**	**–**	**(421,594)**	**(45,541,120)**	**(48,818,198)**
Net financial assets	**56,544,141**	**57,886,152**	**23,895,214**	**159,467,834**	**297,793,341**
Less:					
Net financial assets denominated in the respective entities' functional currencies	**(55,655,680)**	**–**	**–**	**(120,902,745)**	**(176,558,425)**
Currency exposure of financial assets, net of those denominated in the respective entities' functional currencies	**888,461**	**57,886,152**	**23,895,214**	**38,565,089**	**121,234,916**

	SGD	USD	MYR	IDR	Total
2021					
Total financial assets	219,346,605	52,648,500	11,834,673	345,769,513	629,599,291
Total financial liabilities	(139,850,015)	–	(2,442,342)	(270,332,243)	(412,624,600)
Net financial assets	79,496,590	52,648,500	9,392,331	75,437,270	216,974,691
Less:					
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(215,105,284)	–	–	16,697,567	(198,407,717)
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(135,608,694)	52,648,500	9,392,331	92,134,837	18,566,974

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(b) Market risks (Continued)

Foreign currency risks (Continued)

The Company's currency exposure is as follows:

	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Company				
2022				
Total financial assets	**103,410**	**24,316,808**	**119,799,025**	**144,219,243**
Total financial liabilities	**–**	**(421,594)**	**–**	**(421,594)**
Net currency exposure of financial assets	**103,410**	**23,895,214**	**119,799,025**	**143,797,649**
2021				
Total financial assets	94,000	11,834,673	100,616,087	112,544,760
Total financial liabilities	–	(2,442,342)	–	(2,442,342)
Net currency exposure of financial assets	94,000	9,392,331	100,616,087	110,102,418

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2021: 2%) change in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah against the Group entities' respective functional currency and the Company's sensitivity to a 5% (2021: 2%) change in United States dollar, Malaysian ringgit and Indonesian rupiah against the Company's functional currency (Singapore dollar). The sensitivity analysis assumes an instantaneous 5% (2021: 2%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah are included in the analysis.

	Increase/(Decrease) profit or loss	
	2022 Rp'000	2021 Rp'000
Group		
Singapore dollar		
Strengthened against Indonesian rupiah	**44,423**	(2,712,174)
Weakened against Indonesian rupiah	**(44,423)**	2,712,174
United States dollar		
Strengthened against Indonesian rupiah	**2,894,308**	1,052,970
Weakened against Indonesian rupiah	**(2,894,308)**	(1,052,970)
Malaysian ringgit		
Strengthened against Singapore dollar	**1,194,761**	187,847
Weakened against Singapore dollar	**(1,194,761)**	(187,847)
Indonesian rupiah		
Strengthened against Singapore dollar	**1,928,254**	1,842,697
Weakened against Singapore dollar	**(1,928,254)**	(1,842,697)

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(b) Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) profit or loss	
	2022	**2021**
	Rp'000	**Rp'000**
Company		
United States dollar		
Strengthened against Indonesian rupiah	**5,171**	1,880
Weakened against Indonesian rupiah	**(5,171)**	(1,880)
Malaysian ringgit		
Strengthened against Singapore dollar	**1,194,761**	187,847
Weakened against Singapore dollar	**(1,194,761)**	(187,847)
Indonesian rupiah		
Strengthened against Singapore dollar	**5,989,951**	2,012,322
Weakened against Singapore dollar	**(5,989,951)**	(2,012,322)

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

Interest rate risks

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 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 (2021: 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 (2021: 50 basis point), profit before income tax of the Company, will increase or decrease by:

	Company	
	2022	2021
	Rp'000	Rp'000
Loans to subsidiaries	597,147	1,024,560

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.

Commodity 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.

The Group is exposed to equity price risk arising from its investments in quoted equity securities. These instruments are classified as financial assets at fair value through profit or loss.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(b) Market risks (Continued)

Price risks (Continued)

Commodity price risk sensitivity analysis

At the end of the financial year, had the crude palm oil, palm kernel and fresh fruit bunches average commodity prices be 9% (2021: 3%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by approximately Rp52,983,243,000 (2021: Rp14,935,770,000). The sensitivity analysis is based on published prices of crude palm oil, palm kernel and fresh fruit bunches available at the Plantation Agency of West Kalimantan Province.

Equity price risk sensitivity analysis

For equity securities held at fair value through profit or loss, at the end of the financial year, if the equity price had been 11% (2021: 5%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by approximately Rp393,173,000 (2021: Rp25,256,000), arising as a result of higher or lower fair value changes of the equity securities.

For equity securities held at fair value through OCI, at the end of the financial year, if the equity price had been 11% (2021: Nil) higher or lower, with all variables held constant, fair value through other comprehensive income reserve and net assets would have been higher or lower by approximately Rp3,665,277,000 (2021: Nil), arising as a result of higher or lower fair value changes of the equity securities.

(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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(c) Liquidity risks (Continued)

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 years Rp'000
Group		
Financial liabilities		
2022		
Trade and other payables*	**43,922,918**	**–**
Dividend payable	**3,500,000**	**–**
Derivative financial instruments	**421,594**	**–**
Lease liabilities	**973,686**	**–**
	48,818,198	**–**

	Not later than a year Rp'000	Between one and two years Rp'000
Group		
Financial liabilities		
Trade and other payables*	30,626,773	–
Dividend payable	3,500,000	–
Derivative financial instruments	2,442,342	–
Lease liabilities	1,232,160	890,612
	37,801,275	890,612

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

38.2 Financial risks (Continued)

(c) Liquidity risks (Continued)

	Not later than a year Rp'000	Between one and two years Rp'000
Company		
Financial liabilities		
2022		
Trade and other payables	**1,842,718**	**–**
Derivative financial instruments	**421,594**	**–**
Lease liabilities	**847,595**	**–**
	3,111,907	**–**
Financial liabilities		
2021		
Trade and other payables	1,595,339	–
Derivative financial instruments	2,442,342	–
Lease liabilities	1,011,482	758,612
	5,049,163	758,612

39. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

(a) Fair value hierarchy

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

– Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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			
2022			
Assets			
Financial assets at fair value through profit or loss	**13,277,543**	**–**	**–**
Fair value through OCI investments	**–**	**–**	**33,320,703**
Biological assets	**–**	**–**	**23,728,000**
Liability			
Derivative financial instruments	**–**	**(421,594)**	**–**

	Fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	Rp'000	**Rp'000**	**Rp'000**
Group			
2021			
Assets			
Financial assets at fair value through profit or loss	10,688,511	–	–
Biological assets	–	–	31,251,200
Liability			
Derivative financial instruments	–	(2,442,342)	–

	Fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	Rp'000	**Rp'000**	**Rp'000**
Company			
2022			
Assets			
Financial assets at fair value through profit or loss	**3,792,498**	**–**	**–**
Fair value through OCI investments	**–**	**–**	**33,320,703**
Liability			
Derivative financial instruments	**–**	**(421,594)**	**–**
2021			
Assets			
Financial assets at fair value through profit or loss	3,468,496	–	–
Liability			
Derivative financial instruments	–	(2,442,342)	–

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 1 fair value measurements

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

(d) Level 2 fair value measurements

For commodity futures contracts, observable prices are used as a measure of fair values for the outstanding contracts.

(e) 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 to the financial statements. The movements in fair value through OCI investments are disclosed in Note 26 to the financial statements..

(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.

The fair value of unquoted equity securities held at fair value through OCI is determined by reference to fund statements provided by external fund managers, of which the price is unobservable and fair value is based on ownership interest in the net asset value of the total fund determined by the fund manager.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) Level 3 fair value measurements (Continued)

(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 2022 Rp'000	Valuation technique used	Significant unobservable input	Quantitative information	Relationship of significant unobservable input to fair value
Biological assets	23,728,000	Income approach	FFB production yield	12,821.40 tonnes	The higher the FFB production yield used to estimate the quantity of biological assets, the higher the fair value
Fair value through OCI Investments	33,320,703	Adjusted NAV	Net asset value	–	The higher the adjusted NAV assessed, the higher the fair value

Description	Fair value at 31 December 2021 Rp'000	Valuation technique used	Significant unobservable input	Quantitative information	Relationship of significant unobservable input to fair value
Biological assets	31,251,200	Income approach	FFB production yield	12,017.95 tonnes	The higher the FFB production yield used to estimate the quantity of biological assets, the higher the fair value

40. 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, other reserves and accumulated profits which are shown in the statements of financial position. The Group's and the Company's overall strategy remains unchanged from the previous financial year.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

41. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 March 2023, W Capital Markets Pte. Ltd., as the financial adviser to ATH Holdings Pte. Ltd. (the "Offeror"), announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer of S$0.25 per share (the "Offer") for all the issued and paid-up ordinary shares in the capital of the Company. The Board will, in due course, be appointing an independent financial adviser ("IFA") in connection with the Offer. The copy of the Offer is available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2023

No. of issued shares	:	261,639,976
No. of issued shares (excluding treasury shares)	:	249,339,076
No. of treasury shares	:	12,300,900
Percentage of treasury shares	:	4.70%
Number of shareholders	:	1,680
Class of shares	:	Ordinary shares
Voting rights (excluding treasury shares)	:	1 vote per share[(1)]

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.30	250	0.00
100 – 1,000	174	10.36	148,400	0.06
1,001 – 10,000	989	58.87	4,810,350	1.93
10,001 – 1,000,000	506	30.12	28,946,700	11.61
1,000,001 AND ABOVE	6	0.35	215,433,376	86.40
TOTAL	**1,680**	**100.00**	**249,339,076**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GPR INVESTMENT HOLDINGS LIMITED	206,899,576	82.98
2	OCBC SECURITIES PRIVATE LTD	2,017,200	0.81
3	RAFFLES NOMINEES (PTE.) LIMITED	1,888,150	0.76
4	DBS NOMINEES (PRIVATE) LIMITED	1,833,950	0.74
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,604,500	0.64
6	LEE IN CHUN	1,190,000	0.48
7	LIM KUI TENG	1,000,000	0.40
8	ABN AMRO CLEARING BANK N.V.	908,400	0.36
9	DBSN SERVICES PTE. LTD.	882,000	0.35
10	CHONG YEN CHAN	826,200	0.33
11	SENG SOON HIANG	733,500	0.29
12	HSBC (SINGAPORE) NOMINEES PTE LTD	561,000	0.22
13	NG TONG HUAT	522,500	0.21
14	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	500,000	0.20
15	PHILLIP SECURITIES PTE LTD	466,600	0.19
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	422,500	0.17
17	SEE MENG HONG	400,000	0.16
18	GAN TIAM SIANG	383,600	0.15
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	325,700	0.13
20	WONG HONG WEI (HUANG HONGWEI)	313,200	0.13
	TOTAL	**223,678,576**	**89.70**

STATISTICS **OF SHAREHOLDINGS**

AS AT 16 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
GPR Investment Holdings Limited[3]	206,899,576	82.98%[2]	–	–

Notes:

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

(2) The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as of 16 March 2023, excluding 12,300,900 ordinary shares held as treasury shares as at that date.

(3) 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.

PRECENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 16 March 2023, approximately 17.02% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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. 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632
INDEPENDENT AUDITORS	BDO LLP Public Accountants and Certified Public Accountants 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: Adrian Lee Yu-Min (Appointed since financial year ended 31 December 2022)
PRINCIPAL BANKERS	PT Bank UOB Indonesia PT Bank CIMB Niaga Tbk Oversea-Chinese Banking Corporation Limited

Global Palm
resources

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