Global Palm resources

Growing Value
Driving Sustainability




2017
ANNUAL REPORT

CONTENTS

ABOUT OUR LOGO

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

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

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

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

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

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

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

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

CORPORATE PROFILE

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

Global Palm Resource's plantation and mill is strategically located in West Kalimantan, a region where the climatic conditions are highly suitable for oil palm cultivation. Since its founding in 1991, it has a land bank of 16,079 hectare ("ha") of which about 83.5% is under cultivation. As at 31 December 2017, approximately 88.9% of the Group's oil palms are in mature production stage.

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

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

Overview of Global Palm Resources as at 31 December 2017

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

16,079 hectares (ha)
Size of our plantation, 83.5% of which is under cultivation.

88.9%
Percentage of our oil palms which are in mature production stage

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

60 tonnes / hour
Processing capacity of our mill

21.5%
CPO extraction rate

3.5%
Palm kernel extraction rate

CORPORATE MILESTONES

1991
Commenced palm oil business in West Kalimantan

1992
Set up our first plantation nursery

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

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

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

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

2000
Entered Cooperation Agreements under the Plasma Programme

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

2008
Increased FFB processing capacity to 60 tons 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

2014
Obtained a land location permit for 6,546 hectares 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. The hectarage was subsequently reduced to 3,460 hectares upon renewal of the permit for one year with effect from 2 January 2017, as the land that was not suitable for palm plantation was taken back by the government

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

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

200921345M

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Winston Seow
Leong Chuo Ming

REGISTERED OFFICE

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

SHARE REGISTRAR

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

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: William Ng Wee Liang
(Appointed since the financial year ended 31 December 2016)

PRINCIPAL BANKERS

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

MESSAGE FROM OUR CHAIRMAN AND CEO

DEAR SHAREHOLDERS,

After falling from a peak of RM 3,160 per ton in January, CPO prices have hovered between RM 2,600 to 2,800 per ton until December 2017 when it fell to an annual low of RM 2,450. This price behavior has been consistent to the five year trend wherein CPO has tended to trade within a band of RM 2,200 to 2,800 per ton given normal market conditions. In these market conditions, we have steadily continued our replanting scheme with 674.23 Ha of new oil palms planted in FY 2017. Our existing trees continue to bear good yields as we produced 8% more tons of FFB year on year even with less hectarage due to replanting.

Our mill processes have also improved since last year. In Q4 2017, our CPO Extraction Rate improved to 22.04% from 21.25% in the previous year. We thank the efforts of our management and mill workers in continuing our commitment to improving our quality and efficiency. With our strong economic fundamentals, we will continue to deliver value and returns for our stakeholders.

FINANCIAL PERFORMANCE

The Group's net profit attributable to shareholders was Rp42.7 billion (S$4.2 million) for the financial year ended 31 December 2017 ("FY2017"), compared to a net profit attributable to shareholders of Rp46.4 billion (S$5.0 million) for the financial year ended 31 December 2016 ("FY2016").

The Group's revenue for FY2017 increased by Rp74.6 billion (S$7.4 million) or 19%, from Rp385.7 billion (S$41.5 million) in FY2016 to Rp460.3 billion (S$45.4 million) in FY2017, mainly due to the increase in crude palm oil ("CPO") sales revenue of Rp70.3 billion (S$6.9 million) and increase in palm kernel ("PK") sales revenue of Rp4.2 billion (S$0.4 million). This was contributed mainly by higher CPO sales volume and higher CPO and PK average selling prices, and partially offset by decrease in PK sales volume.

Gross profit increased to Rp111.3 billion (S$11.0 million) with gross profit margin of 24.2% compared to Rp91.7 billion (S$9.9 million) with gross profit margin of 23.8% in the previous year.

During FY2017, the Group net cash from operating activities was at Rp89.0 billion (S$8.8 million) as compared with a net cash from operating activities of Rp105.0 billion (S$11.3 million) in the previous year. The Group's remains financially strong with cash resources amounting to Rp382.8 billion (S$37.8 million) as at 31 December 2017.

MESSAGE FROM OUR CHAIRMAN AND CEO

OUTLOOK AND STRATEGY

In 2018 we will continue to improve our efficiency, cost management, and yield optimization. We are focusing on improving our oil and kernel extraction rates further and are continuing to seek opportunities to increase our land bank. We also continue to monitor the industry developments for improvements and technologies which can improve our quality and efficiency.

From the recent Price Outlook Conference, experts have forecasted CPO prices will be rangebound between MYR 2,200 to MYR 2,600.

APPRECIATION

For FY2017, we plan to give out a dividend of 1.0 cents Singapore Dollar per ordinary share. The book closure and payable dates will be announced at a later date.

Thank you to our shareholders for your continued confidence in us.

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

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

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

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman and CEO

BOARD OF DIRECTORS

DR TAN HONG KIAT @ SUPARNO ADIJANTO

Executive Chairman and CEO

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

IVAN SWANDONO

Chief Operating Officer

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

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 fellow of the 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.

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 Senior Director of Straits Law Practice 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.

GUOK CHIN HUAT SAMUEL

Independent Director

Mr Guok was appointed to our Board on 16 March 2010 and is the Chairman of the Remuneration Committee and Risk Committee, and a member of the Audit Committee and Nominating Committee. He has been the CEO of Starhealth Pte. Ltd – a Singapore based importer and distributor of health and medical products – since 1995 and currently sits on the board of three other listed companies as Independent Director. He 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.

EXECUTIVE OFFICERS

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GE LUIYANTO YAMIN
Chief Financial Officer

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

LIM ARDI DHARMA
Head of Project Development

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

BERLINO MAHENDRA
Head of General Affairs

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

HENDRIK VIRGILIUS
Head of Plantation Estate

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

WONG KIM POH
Financial Controller of Plantation Division

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

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

1. BOARD STATEMENT

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

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

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

2. ABOUT THE REPORT

This inaugural 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 2017. 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: gpr@listedcompany.com

3. FOCUSING ON WHAT MATTERS MOST TO OUR STAKEHOLDERS

3A. STAKEHOLDER ENGAGEMENT

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

Table 1: Global Palm Resources' approach towards stakeholder engagement

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

Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Regulators	• Regulatory compliance • Industry feedback on laws and regulations • ISPO certification	• Keeping abreast with applicable laws and regulations • Participate in industry forums which discuss regulations in the palm oil sector • Maintaining regulatory compliance at all times • Implementation of substainability policies	• Regular updates and reporting • On-site inspections • Focused group discussions	On-going/ routine
Local Community	• Land rights • Five 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	• Corporate Social Responsibility ("CSR") programme • 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 deserving 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 GPR	• Conduct fair suppliers screening process • Provide sustainable agricultural management trainings to plasma farmers	• Supplier screening • Visits to suppliers' plantation • Periodic meetings	On-going/ routine

SUSTAINABILITY REPORT

3B. MATERIALITY ASSESSMENT

It is important for us to establish material ESG matters so as to focus on specific areas of stakeholders' interest to grow our business and align future sustainability efforts. To that end, we conducted a materiality assessment in 2017 through a three-step process as elaborated below.

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

Step 1: Identification

We identified a list of potential ESG matters by:

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

ii. Interviewing GPR's management, to understand GPR's business environment, future plans and sustainability concerns

Step 2: Prioritisation

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

i. Alignment to GPR's purpose, core values and business strategy

ii. Impact of each matter to GPR's business continuity

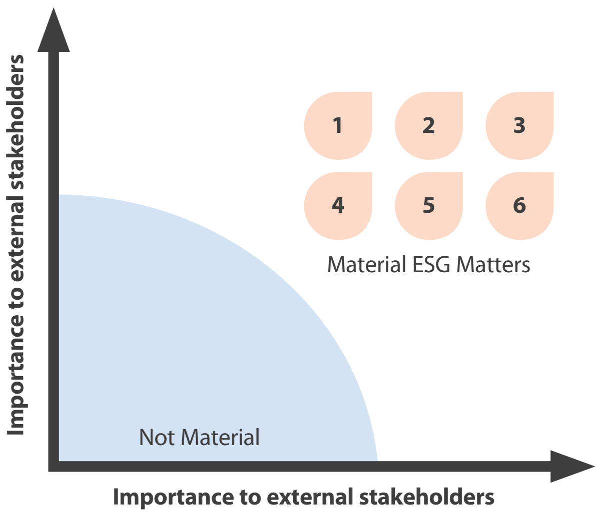
iii. Impact of each matter to internal and external stakeholders

Step 3: Validation

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

The result of our materiality assessment is summarized in Figure 2 below.

Figure 2: Global Palm Resources' materiality matrix

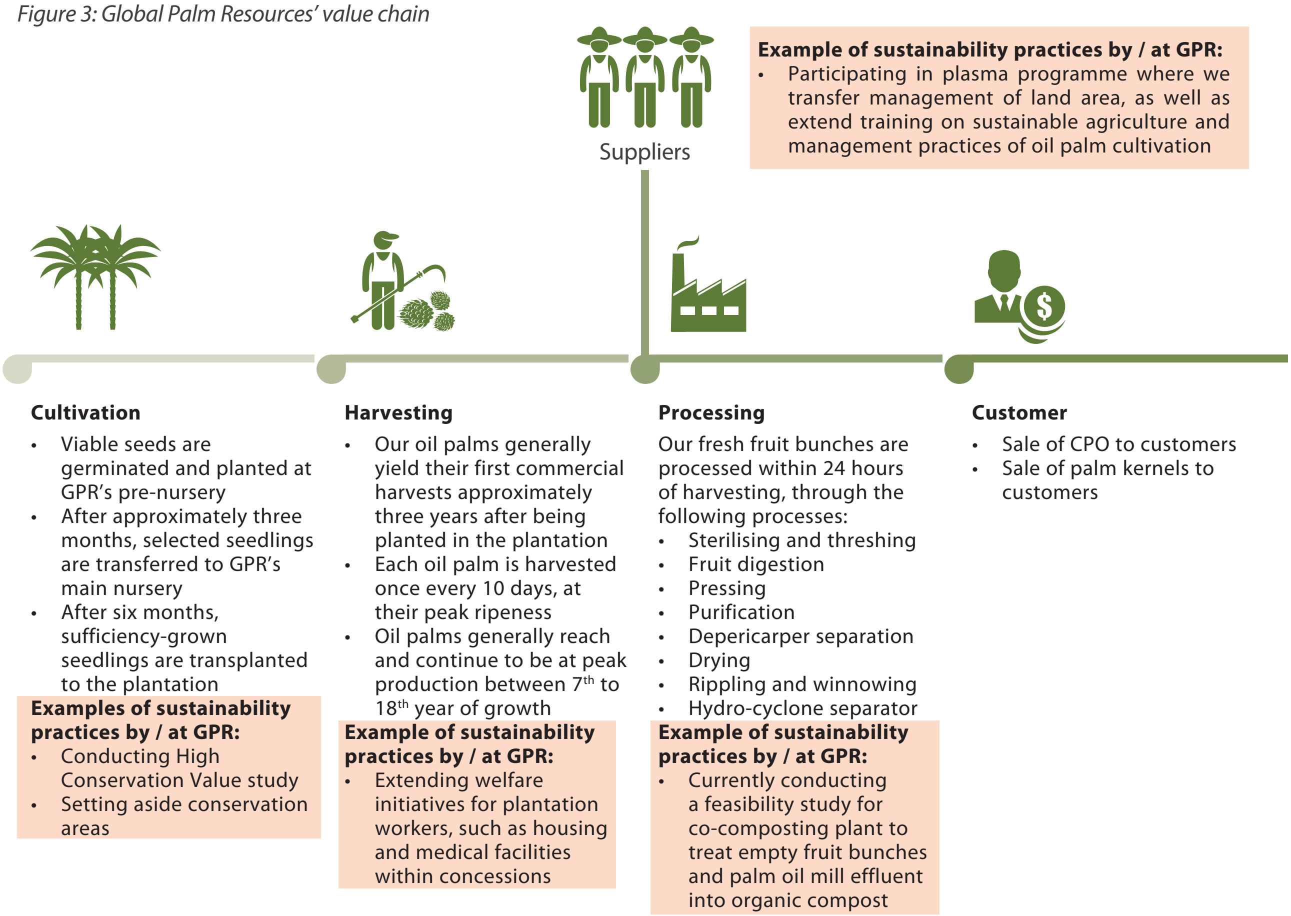


	Material ESG Matters	Topics under CRI Standards
1	Forced Labour and Child Labour	GRI 408: Child Labour
		GRI 409: Forced or compulsory labour
2	Relationship with Communities, Indigenous People and Plasma Farmers	GRI 411: Rights of indigenous people
		GRI 413: Local communities
3	Conservation	GRI 304: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

3C. SUSTAINABILITY IN OUR VALUE CHAIN

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

Figure 3: Global Palm Resources' value chain



SUSTAINABILITY REPORT

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

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

3D. OVERVIEW OF SUSTAINABILITY MANAGEMENT AT GLOBAL PALM RESOURCES

While this report is the inaugural Sustainability Report that we have published, sustainability is not a new concept at GPR. We have formulated various sustainability initiatives to protect the environment and foster the well-being of the local community. At GPR, the Board of Directors 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.

Figure 5: Sustainability governance structure at Global Palm Resources

Roles

- Consider sustainability as part of strategic formulation
- Determine material ESG matters
- Oversee the monitoring and management of material ESG matters
- Overall responsibility for GPR's sustainability reporting

Roles

Assist the Board in identifying, evaluating, monitoring and managing material ESG matters

Roles

Assist the Sustainability Committee in implementing sustainability policies and initiatives at respective departments

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 Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO") by 2020. These sustainability certifications will serve as a mark of our commitment to our stakeholders, while at the same time advocate responsible consumption to the public.

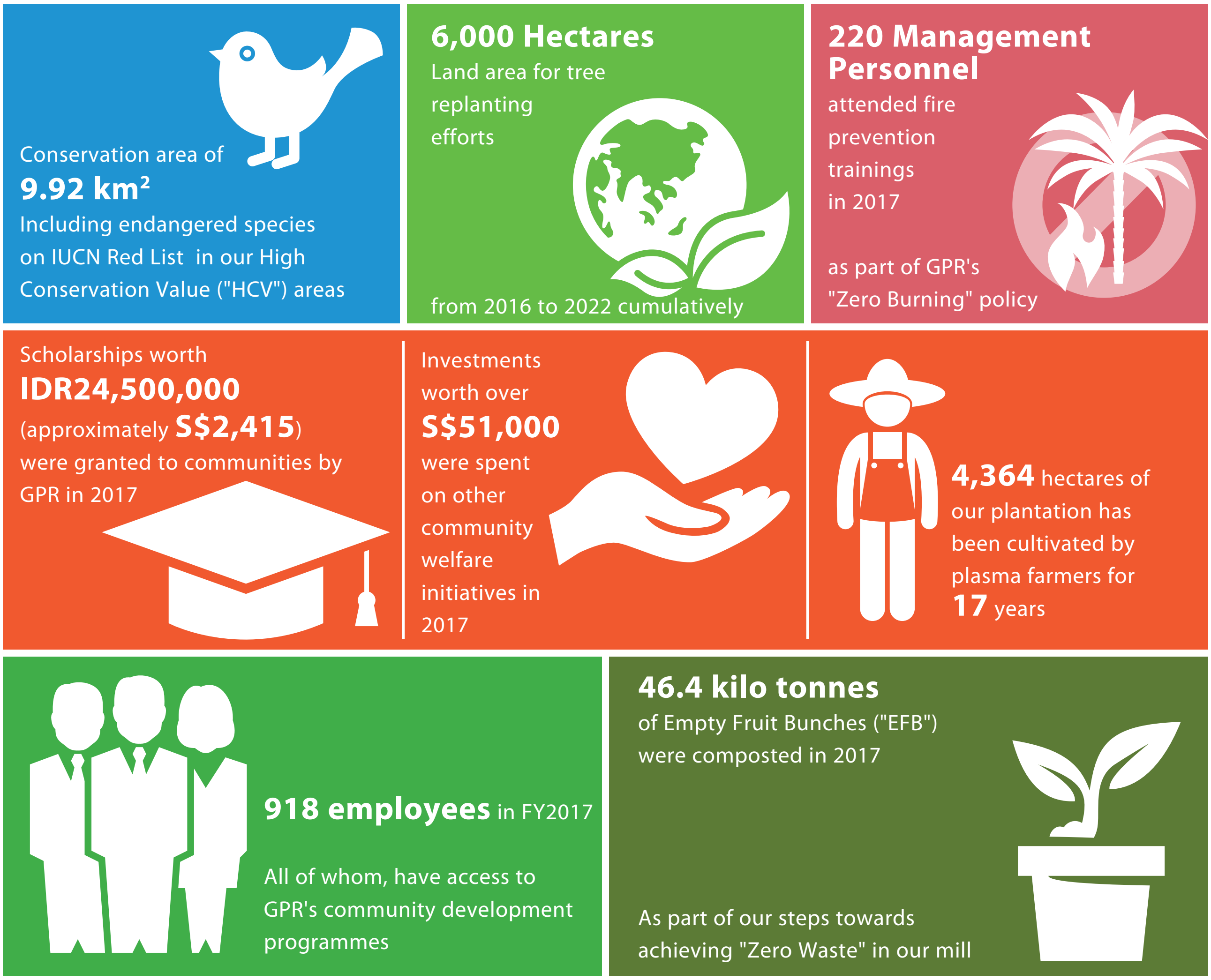
SUSTAINABILITY REPORT

Table 2: GPR's 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 replanting efforts, keeping with best environmental practices. We see replanting as an opportunity to improve all aspects of operations in terms of yield, efficiency, and environmental standards. We aim to replant 6,000 hectares of land by 2022.	As part of our dedication to sustainable energy use and keeping up with agricultural technology, we are exploring the use of solar power generation as a supplement, and in some cases, as a replacement to existing power sources for our mill and worker dormitories.	We will be expanding our sustainability team to make continuous improvements to our sustainability policies, while extending the reach of our sustainability efforts to a larger number of stakeholders.

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

Figure 6: Snapshot of GPR's sustainability performance



4. BENEFITING PEOPLE

4A. OUR EMPLOYEE AND WORKER DEMOGRAPHICS

We see our workforce as the engine that keeps us running. We are cognizant 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 labor-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 2016, only three out of our 922 employees were located in Singapore, whereas four out of our 918 employees were based in Singapore in 2017. 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 2017, there were 9 new hires and 13 turnover.

Figure 7: Our employee demographics in 2016 and 2017 by employment contract and gender

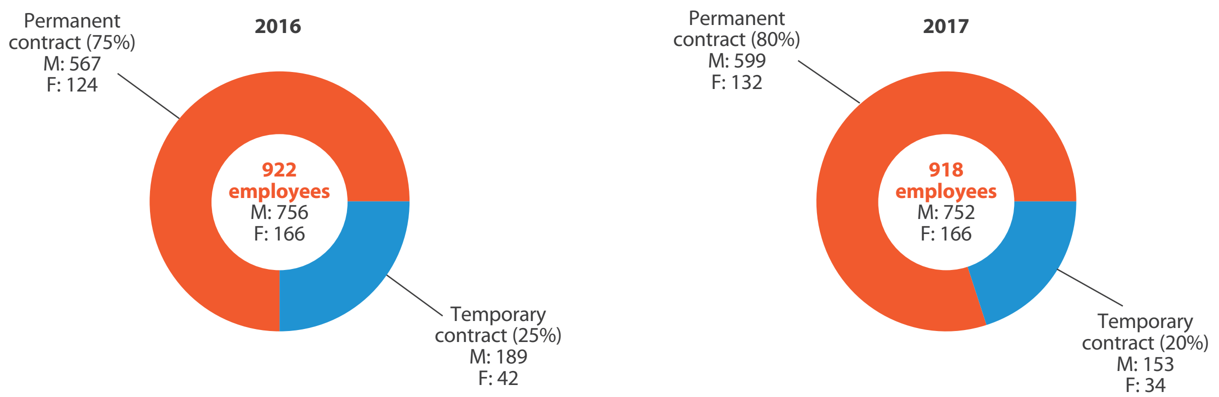
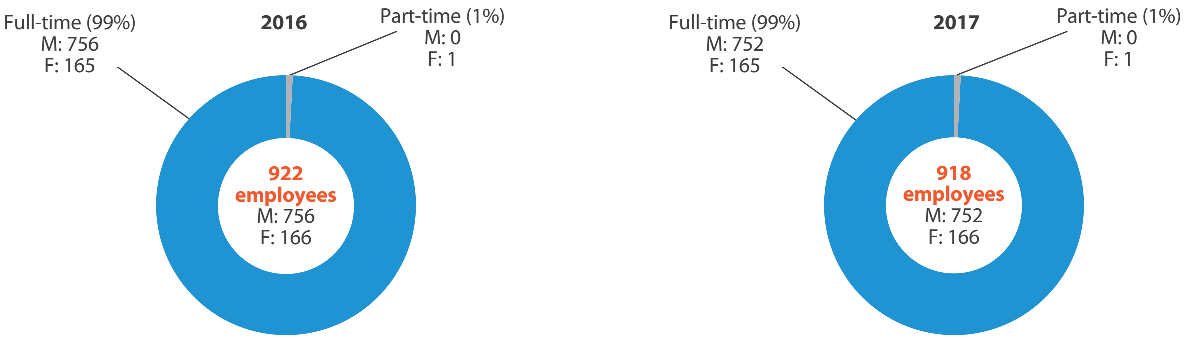


Figure 8: Our employee demographics in 2016 and 2017 by employment type and gender



SUSTAINABILITY REPORT

Figure 9: Our employee demographics in 2016 and 2017 by age group and employment category

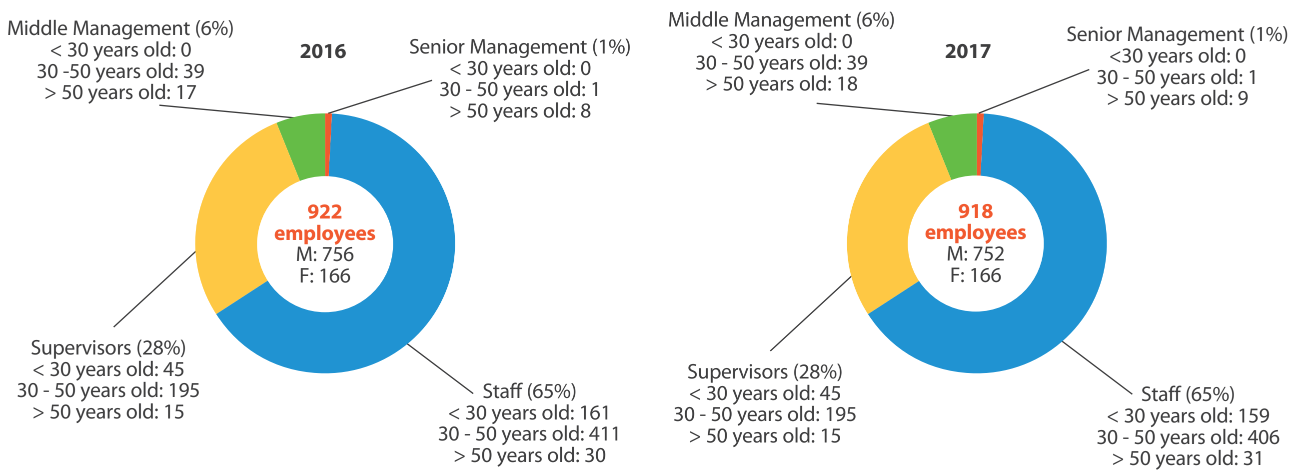
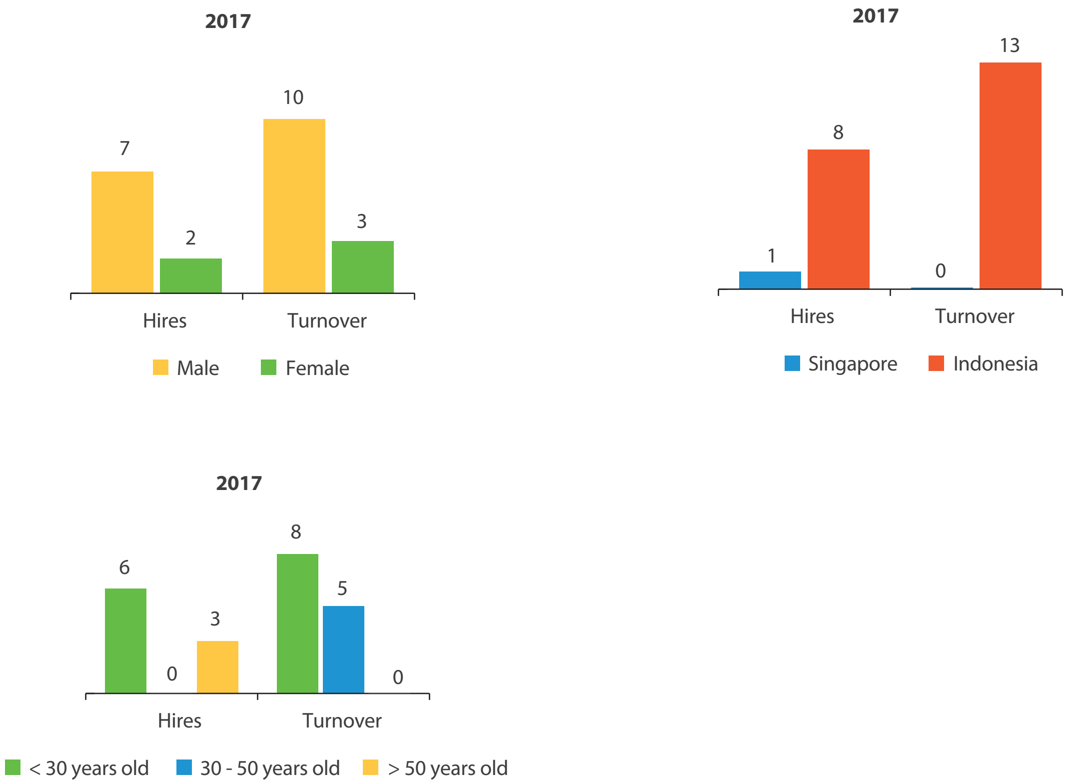


Figure 10: Our hires and turnover profile in 2017 by gender, age group and region



4B. FORCED LABOUR AND CHILD LABOUR

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

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

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

Voices from the Ground:
How GPR Improves the Standard of Living of Workers and Their Families

"I have worked at PT Prakarsa Tani Sejati ("PT PTS")[1] since 1995, and PT PTS has truly helped to improve my financial conditions. Thanks to this employment opportunity, I am able to send my children to school, even to University. PT PTS has also built a kindergarten and a primary school within its concession, so our children can now attend school for free."

(Irmayanti – Employee from West Kalimantan, Indonesia)

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

(Hamdiah – Employee from West Kalimantan, Indonesia)

[1] PT Prakarsa Tani Sejati is GPR's operating subsidiary which holds GPR's plantation and mill in Indonesia

SUSTAINABILITY REPORT

Voices from the Ground:
How GPR Improves the Standard of Living of Workers and Their Families

"I joined PT PTS as a contract worker, before I joined PT PTS' plantation on a full-time basis as a logistics staff in 2004. I work to help my parents pay for my younger siblings' school fees. Working at the plantation and away from my family, the availability of communications infrastructure in the plantation enables me to keep in touch with my family with ease."

(Mujaini – Employee from West Kalimantan, Indonesia)

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 GPR's Audit Committee. Any reports raised in good faith will be treated with the highest confidentiality and without threat of any retaliation.

Figure 11: Global Palm Resources' key highlights on the topic of forced and child labour in 2017

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

80%
Workers live in the houses provided by GPR within our concession zones

Zero
Reported forced labour and child labour incidences

4C. SUCCESSION PLANNING

An effective succession plan is crucial to the sustainability of every company, including GPR. With the 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. Upon reviewing, the Nomination Committee will make recommendations on the succession plans for our Board and senior management, their performance evaluation, as well as training and development programmes for the Board and senior management.

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

We believe that growth and sustainability cannot be achieved by existing in isolation. 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 on our DNA, where it is our aim and purpose to grow with our stakeholders and respect their rights. In 2017, there were zero incidents of violations involving rights of indigenous people. Being located in a developing region presents us with opportunities to improve the standard of living of the communities, indigenous people and plasma farmers around us.

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

Plasma Programme

For the past 17 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 2017, 4,364 hectares of our plantation land has been cultivated by smallholders 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 the 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. A total of approximately IDR24,500,000 (approximately S$2,415) worth of scholarships were granted in 2017.
- General welfare: We have made various investments to improve the locals' welfare, including provision of clean water, electricity, sanitation, medical treatment, housing, community halls, infrastructure for education and religious places of worship. Furthermore, we sponsor and participate in various local cultural and religious celebrations periodically. We invested a total of over S$51,000 for these initiatives.

Voices from the Ground: How GPR Impacts the Communities and Plasma Farmers

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

(Sajidin – Plasma farmer from Teluk Bayur Village, Indonesia)

SUSTAINABILITY REPORT

Voices from the Ground: How GPR Impacts the Communities and Plasma Farmers

"It is undeniable that the palm oil industry has changed the mindset and lifestyle of the communities living around the concession. Thanks to PT PTS, road infrastructure and medical facilities which did not exist in the past are available today. These are very useful for the local farmers."

(Datuk Lawai – Chief of Dayak Tribe from Ketapang, West Kalimantan, Indonesia)

5. BENEFITING THE PLANET

5A. CONSERVATION

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

Based on the most recent HCV study which we conducted in 2015, we identified 2,587 hectares of area with high conservation value within our concession area. Within this area, we identified two endangered fauna species, four vulnerable fauna species and one vulnerable flora species listed on the International Union for Conservation of Nature ("IUCN") Red List.

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

No.	Type	Name	IUCN Red List status
1	Flora	Eusideroxylon zwageri	Vulnerable
2	Fauna	Pongo pygmaeus	Endangered
3	Fauna	Hylobates albibarbis	Endangered
4	Fauna	Sus barbatus	Vulnerable
5	Fauna	Cervus sp	Vulnerable
6	Fauna	Helarctos malayanus	Vulnerable

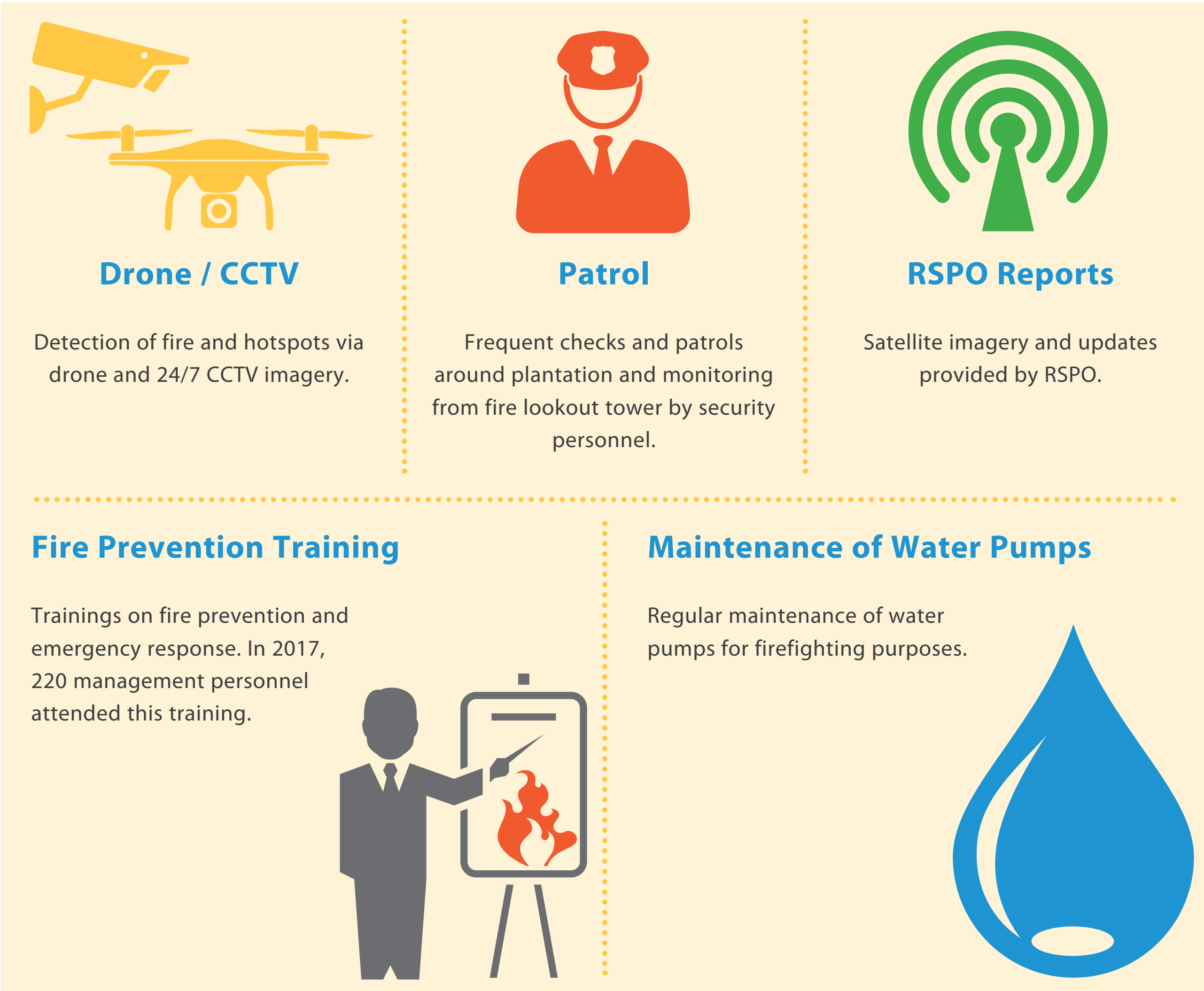
We have dedicated 9.92 km^2 of conservation area within our concession to protect these species. In addition, we maintain certain natural landscape within our concession which supports the overall ecological balance. This includes some undisturbed forested area with high canopy cover, two natural hills (Bukit Rempangi and Bukit Temenggung) which are home to the two critically endangered fauna species, namely Pongo pygmaeus and Hylobates albibarbis, as well as some water catchment areas which serve as a natural control for floods and forest fires. We aim to continue our conservation efforts and conduct trees replanting spanning 6,000 hectares of land by 2022.

5B. FIRE AND HAZE

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

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

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



In spite of our efforts to maintain zero cases of fires, we regret that there were four cases of burning activities in 2017, measuring less than one hectare of land area each. We take all incidences of burning activity 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

5C. WASTE MANAGEMENT

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

Figure 14: Global Palm Resources' approach towards managing waste

Organic waste

- All organic waste is stored in **green** colored bins.
- Subsequently, the organic waste is composted to produce fertilisers.

Inorganic waste

- All inorganic waste is stored in **orange** colored bins.
- Subsequently, the inorganic waste is disposed of to landfills or external parties.

Hazardous waste

- All hazardous waste is sorted and stored in **red** colored 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 of 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 requirement. Another source of waste is used oil from our mill and it is disposed through a licensed contractor.

Figure 15: Amount of waste oil disposed in 2016 and 2017

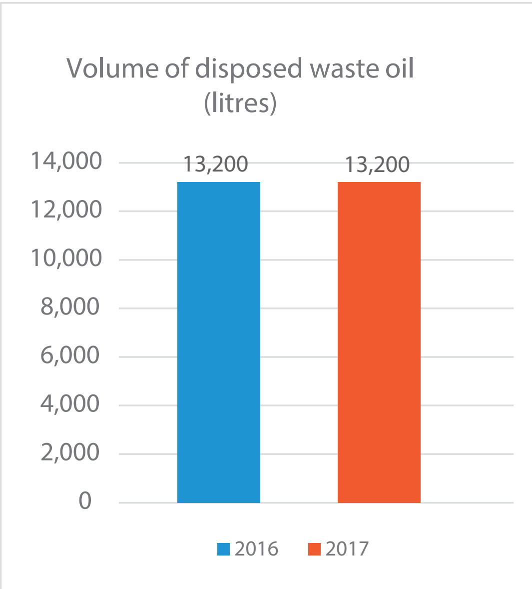
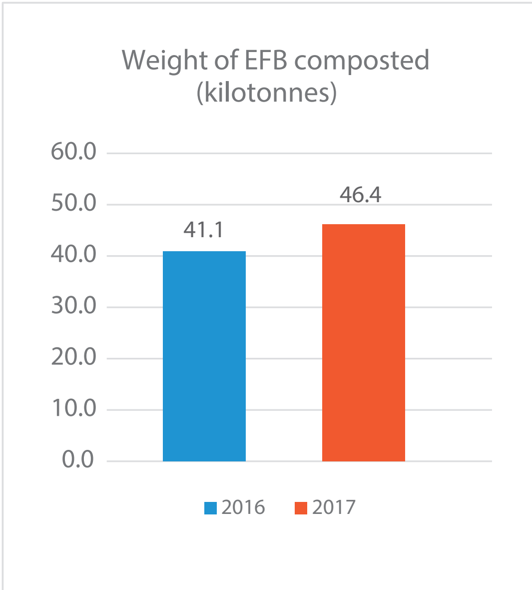


Figure 16: Weight of empty fruit bunches composed in 2016 and 2017



In 2016 and 2017, we disposed off 13,200 litres of used oil from our mill. At the same time, we composted over 46 kilotonnes of EFB in 2017, a slight increase from the amount composted in 2016. However, we are taking steps towards achieving zero waste in our mill. We are currently conducting a feasibility study for a co-composting plant which will treat our EFB and POME to produce organic compost fertilisers. This co-composting plant will serve the dual purpose of supplementing our fertilisers needs while at the same time avoiding carbon dioxide and methane gases emissions which would otherwise be emitted through our POME treatment.

SUSTAINABILITY REPORT

6. GRI INDEX

GRI 102: General Disclosure		
Disclosure		**Location or reason for omission**
Organizational profile		
102-1	Name of the organization	Corporate Profile (page 2)
102-2	Activities, brands, products, and services	Corporate Profile (page 2)
102-3	Location of headquarters	Singapore
102-4	Location of operations	Corporate Profile (page 2)
102-5	Ownership and legal form	Corporate Profile (page 2)
102-6	Markets served	Indonesia
102-7	Scale of the organization	Corporate Profile (page 2) Chapter 4A: Our Employee and Worker Demographics (page 19)
102-8	Information on employee and other workers	Chapter 4A: Our Employee and Worker Demographics (page 19)
102-9	Supply chain	Chapter 3C: Sustainability in our value chain (page 15);
102-10	Significant changes to the organization and its supply chain	There were no significant changes to our supply chain.
102-11	Precautionary principle and approach	Chapter 4B: Forced Labour and Child Labour (page 21); Chapter 4C: Succession Planning (page 22); Chapter 5B: Fire and Haze (page 24)
102-12	External initiatives	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
102-13	Membership of associations	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
Strategy		
102-14	Statement from senior decision-maker	Board Statement (page 12)
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Chapter 2: About Global Palm Resources (page 12)

GRI 102: General Disclosure		
Disclosure		**Location or reason for omission**
Governance		
102-18	Governance structure	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
102-19	Delegating authority	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
102-20	Executive-level responsibility for economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
102-29	Identifying and managing economic, environmental, and social impacts	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
102-31	Review of economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
102-32	Highest governance body's role in sustainability reporting	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 17)
Stakeholder Engagement		
102-40	List of stakeholder groups	Chapter 3A: Stakeholder engagement (page 12)
102-41	Collective bargaining agreements	Approximately 90% of our employees in Indonesia and all our employees in Singapore are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Chapter 3A: Stakeholder engagement (page 12)
102-43	Approach to stakeholder engagement	Chapter 3A: Stakeholder engagement (page 12)
102-44	Key topics and concerns raised	Chapter 3A: Stakeholder engagement (page 12)

SUSTAINABILITY REPORT

GRI 102: General Disclosure		
Disclosure		**Location or reason for omission**
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements (page 98)
102-46	Defining report content and topic boundaries	Chapter 3B: Materiality Assessment (page 15) Chapter 3C: Sustainability in our Value Chain (page 16)
102-47	List of material topics	Chapter 3B: Materiality assessment (page 15)
102-48	Restatements of information	Not applicable, as this is GPR's inaugural Sustainability Report
102-49	Changes in reporting	Not applicable, as this is GPR's inaugural Sustainability Report
102-50	Reporting period	Chapter 2: About the report (page 12)
102-51	Date of most recent report	Not applicable, as this is GPR's inaugural Sustainability Report
102-52	Reporting cycle	Chapter 2: About the report (page 12)
102-53	Contact point for questions regarding the report	Chapter 2: About the report (page 12)
102-54	Claims of reporting in accordance with the GRI Standards	Chapter 2: About the report (page 12)
102-55	GRI content index	Chapter 6: GRI Index (page 28)
102-56	External assurance	GPR has not sought external assurance for this inaugural report.

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

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

SUSTAINABILITY REPORT

Material matters			
GRI Standard	**Disclosure**		**Location or reason for omission**
Waste Management			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Chapter 5C: Waste Management (page 26)
	103-2	The management approach and its components	Chapter 5C: Waste Management (page 26)
	103-3	Evaluation of the management approach	Chapter 5C: Waste Management (page 26)
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Chapter 5C: Waste Management (page 27)

OPERATIONAL HIGHLIGHTS

PLANTATION STATISTICS (ha)

Financial Year Ended 31 December	FY2017	FY2016	FY2015
Total Planted Area	13,420	13,480	13,667
Mature	11,925	12,503	13,512
Immature	1,495	977	155
Nucleus Planted Area	9,056	9,126	9,445
Mature	7,561	8,149	9,290
Immature	1,495	977	155
Plasma Planted Area	4,364	4,354	4,222
Mature	4,364	4,354	4,222
Immature	0	0	0

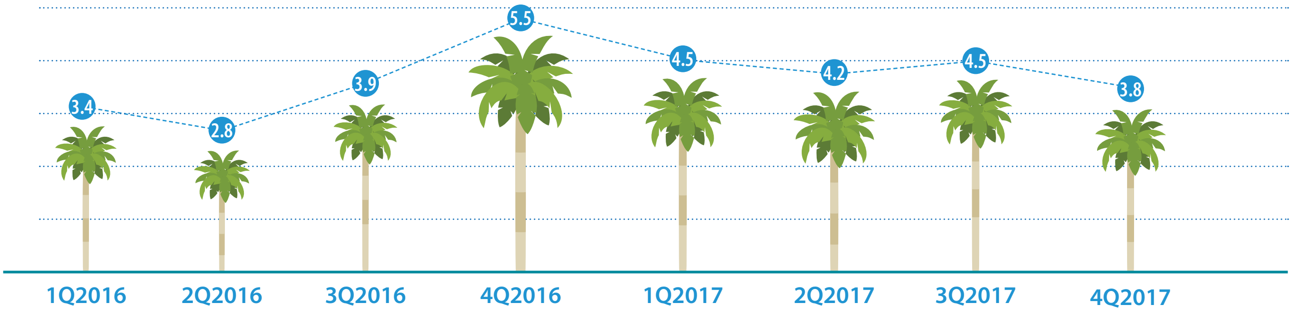
PRODUCTION OUTPUT (tons)

	FY2017	FY2016	FY2015
FFB Harvested from Nucleus	134,081	132,631	146,650
FFB Harvested from Plasma	89,670	76,580	80,497
FFB Processed	232,458	216,378	233,341
CPO Production	50,034	46,291	49,163
PK Production	8,172	7,754	9,846

OPERATIONAL HIGHLIGHTS

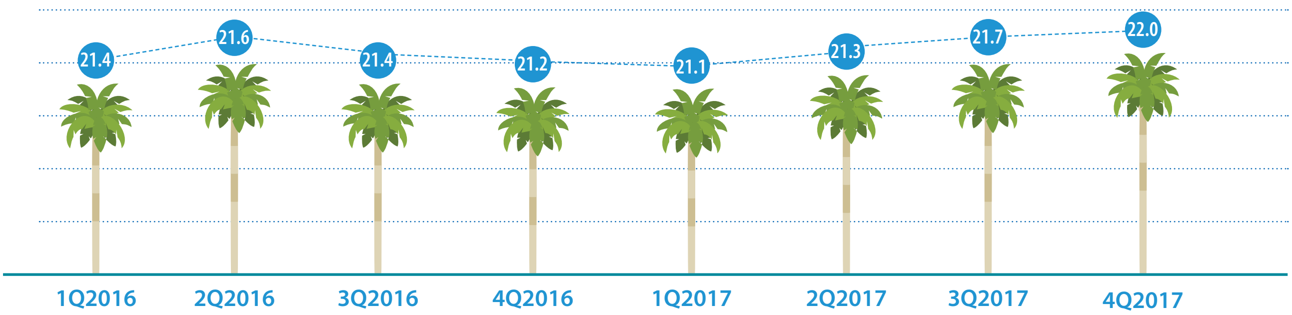
FFB YIELD (tons/ha) – Nucleus

FY2017 – 17.7
FY2016 – 16.3



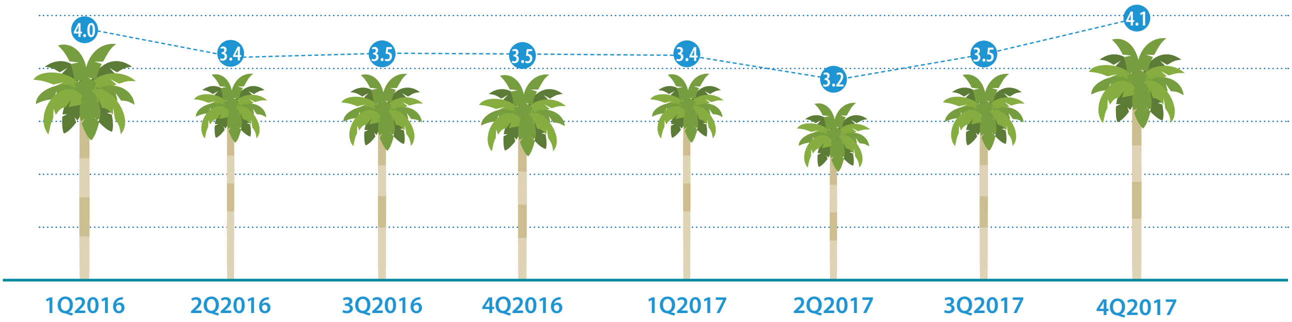
CPO EXTRACTION RATE (%)

FY2017 – 21.5
FY2016 – 21.4



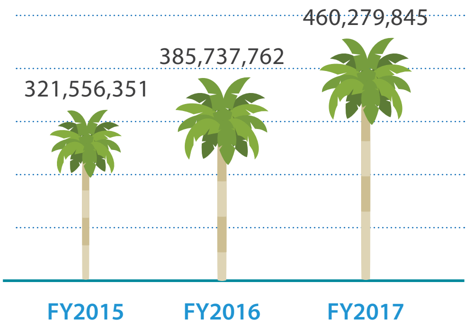
PK EXTRACTION RATE (%)

FY2017 – 3.5
FY2016 – 3.6

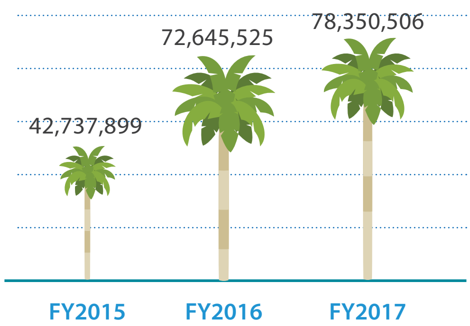


FINANCIAL REVIEW

REVENUE (RP '000)



EBITDA (RP '000)



Rp '000	FY2015 (Restated)	FY2016	FY2017
Revenue	321,556,351	385,737,762	460,279,845
Gross profit	53,369,492	91,690,072	111,331,203
Gross profit margin (%)	16.6	23.8	24.2
Profit before income tax	35,726,148	69,875,549	69,869,191
Profit for the financial year	27,869,685	48,494,133	45,634,240
Profit attributable to:			
Owners of the parent	26,509,329	46,423,255	42,690,193
Non-controlling interest	1,360,356	2,070,878	2,944,047
	27,869,685	48,494,133	45,634,240
Earnings per share			
Basic and diluted	130	230	216
EBITDA	42,737,899	72,645,525	78,350,506

FINANCIAL REVIEW

The conversion rates used in this annual report are S$1:Rp10,134 for FY2017 and S$1:Rp9,299 for FY2016.

REVIEW OF THE GROUP'S PERFORMANCE

For the 12 months ended 31 December 2017 ("FY2017"), Global Palm Resources reported a 19% increase in revenue to Rp460.3 billion (S$45.4 million). This was contributed mainly by higher Crude Palm Oil ("CPO") sales volume, higher CPO and Palm Kernels ("PK") average selling prices and partially offset by a decrease in PK sales volume.

Gross profit increased to Rp111.3 billion (S$11.0 million) or 21% from Rp91.7 billion (S$9.9 million) in FY2016. Gross profit margin improved 0.4% to 24.2% in FY2017, from 23.8% in FY2016.

The Group posted a net profit attributable to shareholders of Rp42.7 billion (S$4.2 million) for FY2017, compared to a net profit attributable to shareholders of Rp46.4 billion (S$5.0 million) a year ago.

The Group's EBITDA was at Rp78.4 billion (S$7.7 million) in FY2017, 8% higher than a year ago.

ANNUAL SALES REVENUE BY PRODUCT

Rp '000	FY2015	FY2016	FY2017
CPO	294,001,995	344,768,609	415,092,504
PK	27,554,356	40,969,153	45,187,341

ANNUAL VOLUME SALES BY PRODUCT

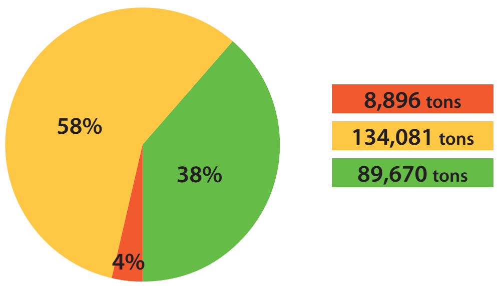
Tons	FY2015	FY2016	FY2017
CPO	45,021	46,175	51,825
PK	8,009	8,035	8,003

ANNUAL AVERAGE SELLING PRICES BY PRODUCT

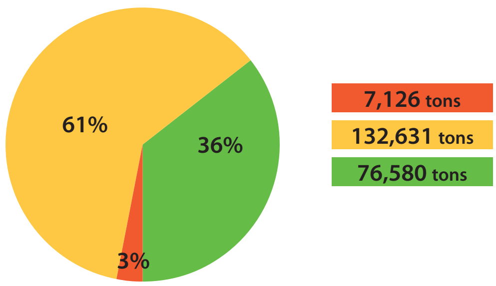
Rp/kg	FY2015	FY2016	FY2017
CPO	6,530	7,467	8,009
PK	3,441	5,099	5,646

BREAKDOWN OF FFB OUTPUT

FY2017: 232,647 tons



FY2016: 216,337 tons



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

SEGMENT ANALYSIS

Revenue

In FY2017, the Group's revenue from CPO rose by 20% from Rp344.8 billion (S$37.1 million) in FY2016 to Rp415.1 billion (S$41.0 million). The Group's revenue from PK rose by 10% from Rp41.0 billion (S$4.4 million) in FY2016 to Rp45.2 billion (S$4.5 million) in FY2017.

Sales Volume

In FY2017, the Group sold 51,825 tons of CPO and 8,003 tons of PK compared to 46,175 tons of CPO and 8,035 tons of PK a year ago. This represented a 12.2% rise in sales volume for CPO and a 0.4% decrease in sales volume for PK.

Average Selling Price

The average selling price ("ASP") of CPO rose by 7% to Rp8,009/kg (S$0.79/kg) while the ASP for PK rose 11% to Rp5,646/kg (S$0.56/kg) in FY2017.

Production Statistics

Total tonnage of FFB processed increased by 16,080 tons or 7% from 216,378 tons in FY2016 to 232,458 tons in FY2017. Total FFB produced from Nucleus increased by 1,450 tons or 1% to 134,081 tons in FY2017 as compared to 132,631 tons in FY2016.

Total FFB purchased from Plasma has increased by 13,090 tons or 17% from 76,580 tons in FY2016 to 89,670 tons in FY2017. Total FFB purchased from 3rd parties increased by 1,770 tons or 25%, from 7,126 tons in FY2016 to 8,896 tons in FY2017. The annual FFB yield has improved by 9% to 17.7 tons/ha in FY2017, as compared to 16.3 tons/ha in FY2016.

Productivity

The CPO extraction rate improved to 21.5% in FY2017 (FY2016: 21.4%) while PK extraction rate remained stable at 3.5% in FY2017 (FY2016: 3.6%).

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

Key Highlights (Rp' billion)	As at 31 December 2017	As at 31 December 2016	Change (%)
Total Assets	756.5	764.2	(1.0)
– Bearer plants	110.1	109.1	0.9
– Property, plant and equipment	133.5	129.7	2.9
– Plasma plantation receivables	64.2	67.0	(4.2)
– Biological assets	1.7	2.4	(28.8)
– Inventories	40.2	48.8	(17.6)
– Cash and cash equivalents	382.8	372.9	2.7
Total Liabilities	98.4	108.0	(8.9)
– Trade and other payables	38.6	58.3	(33.9)
– Provision for post-employment benefits	42.1	39.7	6.0
Total Equity	658.2	656.2	0.3

NON-CURRENT ASSETS

Non-current assets for the Group increased by Rp5.4 billion or 2%, from Rp298.4 billion (S$32.1 million) as at 31 December 2016 to Rp303.8 billion (S$30.0 million) as at 31 December 2017. This was mainly due to the net increase of Rp3.8 billion in property, plant and equipment, additional plantings of Rp1.0 billion, increase of Rp0.4 billion from the credit extended to the Plasma farmers for the biological assets transferred and increase in deferred charges of Rp0.3 billion in FY2017.

CURRENT ASSETS

Current assets for the Group decreased by Rp13.0 billion or 3%, from Rp465.8 billion (S$50.1 million) as at 31 December 2016 to Rp452.8 billion (S$44.7 million) as at 31 December 2017. This was mainly due to the decrease in income tax recoverable of Rp12.4 billion, decrease in inventories of Rp8.6 billion, decrease in trade and other receivables of Rp3.0 billion, and partially offset by an increase in cash and cash equivalent of Rp9.9 billion.

CURRENT LIABILITIES

Current liabilities for the Group decreased by Rp13.9 billion or 21%, from Rp65.0 billion as at 31 December 2016 (S$7.0 million) to Rp51.1 billion (S$5.0 million) as at 31 December 2017. This was mainly due to decrease in trade and other payables of Rp19.8 billion, and partially offset by an increase in current income tax payable of Rp4.3 billion.

NON-CURRENT LIABILITIES

Non-current liabilities for the Group increased by Rp4.3 billion or 10% from Rp43.0 billion (S$4.6 million) as at 31 December 2016 to Rp47.3 billion (S$4.7 million) as at 31 December 2017, mainly due to increase in provision for post-employment benefits of Rp2.4 billion and increase in deferred tax liabilities of Rp1.9 billion.

ACCUMULATED LOSSES

The accumulated losses of Rp117.6 billion (S$11.6 million) was mainly contributed by the accumulated losses of Rp99.5 billion (S$10.7 million) brought forward from FY2016, dividend paid to owners of the parent of Rp56.8 billion and other comprehensive income of Rp4.0 billion in FY2017, offset by the net profit attributable to owners of the parent of Rp42.7 billion in FY2017. The accumulated losses of Rp99.5 billion (S$10.7 million) in FY2016 was mainly due to the adoption of Amendments to FRS 16 and FRS 41 in FY2016, which resulted in an adjustment of Rp231.0 billion in accumulated profits/(losses) in FY2016.

FINANCIAL POSITION

The net asset value ("NAV") of the Group was Rp658.2 billion (S$64.9 million) as at 31 December 2017. NAV/share improved to Rp3,350/share (S$0.33/share) as at 31 December 2017 from Rp3,284/share (S$0.35/share) as at 31 December 2016.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Key Highlights (Rp' billion)	FY2017	FY2016
Net cash from operating activities	89.0	105.0
Net cash used in investing activities	(29.6)	(20.8)
Net cash used in financing activities	(69.1)	(19.6)
Cash and cash equivalents at the end of the year	382.8	372.9

Net cash generated from operating activities of Rp89.0 billion (S$8.8 million) in FY2017 was lower compared to Rp105.0 billion (S$11.3 million) net cash generated from operating activities in FY2016. The lower cash generated was mainly due reduction in trade and other payables and offset by higher operating profit before tax in FY2017.

Net cash used in investing activities of Rp29.6 billion (S$2.9 million) in FY2017 was mainly due to capital expenditure on bearer plants of Rp12.1 billion and purchases of property, plant and equipment of Rp15.9 billion in FY2017.

Net cash used in financing activities of Rp69.1 billion (S$6.8 million) in FY2017 mainly due to dividend paid to owners of the parents of Rp56.8 billion and increase of Rp11.9 billion in the buyback of the Company's shares to be held as treasury shares.

Overall, the Group's cash position remained healthy with an accumulation of cash resources of Rp382.8 billion (S$37.8 million) as at 31 December 2017.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") recognises the importance of corporate transparency and is committed to high standards of corporate governance to protect shareholders' interests, and enhance shareholders' value. This report describes the Company's corporate governance policies and practices with specific reference made to each of the principles of the Code of Corporate Governance which was revised in May 2012 (the "Code"). Unless otherwise stated, these practices were in place for the entire year.

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

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

The principal functions of the Board are, amongst other things, the following:

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

To assist the Board in the execution of its responsibilities, the Board is supported by 4 Board Committees, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC"), the Audit Committee ("AC") and the 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 2017 is set out as follows:

Meetings / Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Dr Tan Hong Kiat @ Suparno Adijanto	4	4	4	*4	1	1	1	*1
Ivan Swandono	4	4	4	*4	1	*1	1	*1
Yee Kit Hong	4	3	4	3	1	1	1	1
M. Rajaram	4	3	4	3	1	–	1	–
Guok Chin Huat Samuel	4	4	4	4	1	1	1	1

* By invitation.

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

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

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

- Approval of corporate strategies;
- Approval of material acquisitions and disposals of assets*;
- Approval of any major 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 quarterly and full year financial result announcements for release to the Singapore Exchange Securities Trading Limited ("SGX-ST");
- Approval of announcements and press releases concerning the Group to the SGX-ST; and
- Approval of any agreement that is not in the ordinary course of business*.

* Where appropriate and subject to shareholders' approval.

CORPORATE GOVERNANCE REPORT

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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

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

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

The Board considers a Director "independent" if he has no relationship with the Company, its related corporations, its 10% shareholders (as defined in the Code) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The independence of each Director will be reviewed annually by the 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 Guideline 2.3 in the Code and the Guidebook for Audit Committees in Singapore issued by Audit Committee Guidance Committee ("Guidebook") in October 2008, requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

The NC noted that pursuant to Guideline 2.2 of the Code, the Independent Directors should make up at least half of the Board where the Chairman of the Board and the Chief Executive Officer ("CEO") is the same person. Accordingly, the NC has reviewed the forms completed by each Director and is satisfied that at least half of the Board comprises of Independent Directors.

None of the directors have served the Company for a period exceeding nine years. As and when directors serve beyond nine years, the Nominating Committee performs a particularly rigorous review to assess the independence of the relevant directors.

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

CORPORATE GOVERNANCE REPORT

Role of Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

Mr Yee Kit Hong and Mr M Rajaram will be retiring at the forthcoming annual general meeting to be held on 27 April 2018 ("AGM"). The NC has reviewed and recommended the re-election of the abovementioned Directors at the forthcoming AGM. The Board has accepted the recommendation and Mr Yee Kit Hong and Mr M Rajaram will be offering themselves for re-election.

CORPORATE GOVERNANCE REPORT

Key information regarding the Directors is set out below:

Director	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	13 November 2009	25 April 2017	Nil	Nil
Ivan Swandono	12 May 2016	25 April 2017	Nil	Nil
Yee Kit Hong	16 March 2010	25 April 2016	Listed Companies 1. Nam Cheong Limited as Independent Director 2. Acromec Limited as Independent Director	Listed Companies 1. KOP Limited as Independent Director (previously known as Scorpio East Holdings Ltd) 2. Yinda Infocomm Limited as Independent Director (previously known as CMC Infocomm Limited)
M. Rajaram	16 March 2010	25 April 2016	Listed Companies 1. Hiap Seng Engineering Ltd as Independent Director	Nil
Guok Chin Huat Samuel	16 March 2010	25 April 2017	Listed Companies 1. Redwood Group Ltd as Independent Director 2. Asiatravel.com Holdings Ltd as Independent Directors with effect from 15 March 2017 3. RE&S Holdings Limited as Independent Director with effect from 30 October 2017	Listed Companies 1. Datapulse Technology Limited as Independent Non-Executive Director 2. Bukit Sembawang Estates Limited as Chairman and Independent Director

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

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).

Access to Information

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfil its responsibilities, the Board is provided with management reports containing complete, adequate and timely information prior to Board meetings and on an on-going basis. The Directors are given separate and independent access to the Group's Management and the Company Secretary to address any enquiries at all times.

The Company Secretary and/or his representatives attends Board and Board Committees meetings and is responsible for ensuring that proper Board procedures at such meetings are followed. He, together with the Company's legal advisors, auditors and other professionals, are responsible for advising the Company on the requirements of the Singapore Companies Act, the Listing Manual of the SGX-ST and other rules and regulations that are applicable to the Company; and the Management is responsible for ensuring that the Company complies with the same. The Directors may seek professional advice in the furtherance of their duties and the costs will be borne by the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his 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.

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 2017. The RC will ensure that existing relationships, if any, between the Company and such professional advisers, should they be appointed, will not affect the independence and objectivity of the professional advisers.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 8: The level of remuneration should be align with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

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 comprise of basic salary component and variable component, namely the annual incentive bonus. The latter is based on the performance of the Group as a whole and their individual performance.

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

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

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of Directors

A breakdown of each Director's remuneration for the financial year ended 31 December 2017 is set out below:

Remuneration Band	Number of Directors 2017	Number of Directors 2016
S$250,000 to below S$500,000	1	1
Below S$150,000	4	4

CORPORATE GOVERNANCE REPORT

Directors	Fees	Salary/ Allowance	Bonus/Benefit	Total
	S$ '000	S$ '000	S$ '000	S$ '000
Dr Tan Hong Kiat @ Suparno Adijanto	–	250	22	272
Ivan Swandono	–	98	17	115
Yee Kit Hong	65	–	–	65
M. Rajaram	60	–	–	60
Guok Chin Huat Samuel	60	–	–	60

Notes:

- The remuneration of Dr Tan Hong Kiat @ Suparno Adijanto and Ivan Swandono are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.
- The remuneration of Dr Tan Hong Kiat @ Suparno Adijanto and Ivan Swandono are converted based on the exchange rate of S$1: Rp10,134 for FY2017 for the purpose of this report.
- Ivan Swandono is the nephew of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (Dr Tan Hong Kiat @ Suparno Adijanto's brother).

Remuneration of Top Five Key Executives

The remuneration of the top five key management personnel for the financial year ended 31 December 2017 are as follows:–

Remuneration Band	Number of Executives FY2017	Number of Executives FY2016
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	–	82	18	100
Berlino Mahendra	–	82	18	100
Hendrik Virgilius	–	94	6	100
Wong Kim Poh	–	78	22	100

The aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2017 is S$415,880.

Notes:

- The remuneration of Ge Luiyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.
- The remuneration of Ge Luiyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are converted based on the exchange rate of S$1: Rp10,134 for FY2017 for the purpose of this report.

CORPORATE GOVERNANCE 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 Hung Hwie @ Winoto Adijanto	–	–	–	–
Tan Hong Pheng @ Pintarso Adijanto	–	89	11	100
Tan Ying Mei	–	93	7	100
S$100,001 to S$150,000				
Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto	–	92	8	100

Notes:

- The remuneration of Tan Hong Pheng @ Pintarso Adijanto, Tan Ying Mei and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are paid by PT Prakarsa Tani Sejati, a subsidiary of Global Palm Resources Holdings Limited.
- The remuneration of Tan Hong Pheng @ Pintarso Adijanto, Tan Ying Mei and Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto are converted based on the exchange rate of S$1: Rp10,134 for FY2017 for the purpose of this report.
- Tan Hong Pheng @ Pintarso Adijanto, Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto and Tan Hung Hwie @ Winoto Adijanto are the brothers of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO.
- Tan Ying Mei is the niece of Dr Tan Hong Kiat @ Suparno Adijanto, the Executive Chairman and CEO, and the daughter of Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto (Dr Tan Hong Kiat @ Suparno Adijanto's brother).

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

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: *The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board understands its accountability to the shareholders on the Group's financial position and performance. In this respect, in the discharge of its duties to the shareholders, the Board, when presenting the annual audited financial statements and quarterly results announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Management currently provides the Board with relevant information on the Group's performance, financial position and prospects on a regular basis.

Risk Management and Internal Controls

Principle 11: *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extend of the significant risks which the Board is willing to take in achieving its strategic objectives.*

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

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.

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 internal controls that has been maintained by the Management was adequate to address the financial, operational and compliance risks of the Company.

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

(a) the financial records of the Group for the financial year ended 31 December 2017 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and

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

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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.

CORPORATE GOVERNANCE REPORT

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 4 times a year and its principal duties include:

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

The AC has undertaken a review of the independence and objectivity of the external auditors. The AC has also undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the AC's opinion, affect their independence. The Company has paid the following aggregate amount of fees to Messrs BDO LLP, the external auditors, for the financial year ended 31 December 2017:–

Services	Amount (Rp'000)
Audit Fees	945,822
Non-audit Fees	–
Total	945,822

Save for the professional fees and miscellaneous expenses incurred for audit services, the Company have not paid any non-audit fees to the external auditors for the financial year ended 31 December 2017.

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

The AC has direct access to the internal and external auditors and met with them without the presence of Management for the financial year ended 31 December 2017.

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

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

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

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

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

The AC has reviewed all Interested Person Transactions during the financial year ended 31 December 2017 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 2017, as set out on pages 63 to 64 of this Annual Report.

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

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

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

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

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

(ii) quarterly results announcements;

(iii) media meetings;

(iv) press releases;

CORPORATE GOVERNANCE REPORT

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

(vi) disclosures via SGXNET.

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

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

Greater Shareholders Participation

Principle 16: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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

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

DEALING IN SECURITIES

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

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

MATERIAL CONTRACTS

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

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS ("IPT"S)

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

The aggregate values of IPTs for the financial year ended 31 December 2017 is:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Rp'million)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (Rp'million)
PT Bumiraya Utama Lines	1,189	NIL
PT Cemaru Lestari	NIL	NIL

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

As at 28 February 2018, the use of net proceeds from the IPO are as follows:

Use of net proceeds	Amount allocated (S$'million)	Amount utilised (S$'million)	Balance (S$'million)
Development of existing uncultivated land banks into oil palm plantations	15.61	13.34[(1)]	2.27
Acquisition of other oil palm plantations and land banks	15.00	1.12[(2)]	13.88[(3)]
Repayment of the loans to PT Bank CIMB Niaga Tbk ("Bank Niaga")	5.00	5.00	–
Construction of the co-composting plant	2.00	1.49	0.51
Working capital	9.50	9.50	–
Invitation expenses	3.49	3.49	–
Total	**50.60**	**33.94**	**16.66**

CORPORATE GOVERNANCE REPORT

Notes:–

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

(2) The S$1.12 million utilised for the acquisition of other oil palm plantations and land banks are expenses of S$0.46 million incurred for the land location permit for 7,170 hectares of land in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan and expenses of S$0.66 million incurred for the land location permit for 6,546 hectares (subsequently reduced to 3,460 hectares upon renewal of the permit for one year with effect from 2 January 2017) of land in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan.

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

As at 28 February 2018, the use of net proceeds from the IPO working capital are as follows:–

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

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 2017 and the statement of financial position of the Company as at 31 December 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 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
Yee Kit Hong
M. Rajaram
Guok Chin Huat Samuel
Ivan Swandono

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.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Shareholdings registered in name of Director	
	Balance as at 1.1.2017	Balance as at 31.12.2017
Ultimate holding company	Number of ordinary shares of US$1 each	
GPR Investment Holdings Limited		
Tan Hong Kiat @ Suparno Adijanto	**2,856**	2,856

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

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 2018 in the shares of the Company have not changed from those disclosed as at 31 December 2017.

5. SHARE OPTIONS

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

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

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

6. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

6. AUDIT COMMITTEE (CONTINUED)

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

3 April 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Global Palm Resources Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 67 to 123, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
1 Classification and impairment of Plasma plantation receivables	
Plasma plantation receivables represent amounts due from cooperatives representing Plasma farmers for the Group's hand-over of Plasma plantations in accordance to the Plasma programme. The amounts will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of fresh fruit bunches ("FFB") from the Plasma farmers. As at 31 December 2017, the carrying amount of the Plasma plantation receivables amounted to approximately Rp64.2 billion and accounted for 8.5% of the Group's total assets. Management had estimated the related future purchases of FFB from the Plasma farmers and prepared discounted cash flow projection for the amounts withheld by the Group for such purchases to determine the classification and assess for impairment of the Plasma plantation receivables. Based on management's assessment, Plasma plantation receivables of Rp11.3 billion were estimated to be repaid through the amounts withheld by the Group for the related future purchases of FFB from the Plasma farmers within the next financial year and classified as current receivables. The remaining balance of Rp52.9 billion was estimated to be repaid by 2029. Management has also determined that there is no impairment loss on the Plasma plantation receivables. The classification and impairment assessment of Plasma plantation receivables were of most significance in our audit due to the significant judgement and estimates involved in determining the related future purchases of FFB from the Plasma farmers and other underlying key assumptions made in the discounted cash flow projection. These key assumptions include the FFB production yield of the Plasma plantations handed-over to the Plasma farmers, FFB selling price growth rate and discount rate. Refer to Notes 2.9, 2.15, 3.2 (iii),15 and 21 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We held discussions with management to understand the basis of estimation of related future purchases of FFB from the Plasma farmers and other key assumptions made, and the appropriateness of the input data used in the discounted cash flow projection. 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 such as the FFB production yield of the handed-over Plasma plantations, FFB selling price growth rate and discount rate, including performing retrospective assessment and sensitivity analysis.

INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTER	AUDIT RESPONSE
2 Valuation of biological assets (FFB)	
Biological assets, which represent FFB growing on mature oil palm trees, are stated at fair value less estimated point-of-sale costs. Gains or losses from changes in fair value less estimated point-of-sale costs of biological assets are included in the profit or loss in the financial year in which they arise. During the current financial year, the Group recognised losses from changes in fair value less estimated point-of-sale costs of biological assets of Rp683,723,000 in the profit or loss. The Group's biological assets amounted to approximately Rp1.7 billion as at 31 December 2017. The fair value of biological assets is determined by an independent valuer, with certain input data provided by management, using the market approach method. The valuation of biological assets was of most significance in our audit due to the significant judgement involved in determining the underlying significant assumptions made in the calculation of the fair value of the biological assets. These assumptions include the FFB production yield, market selling price of FFB and transportation and harvesting costs. Refer to Notes 2.7, 3.2(i), 19 and 35(d) 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. 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; and ■ performing reasonableness tests, including checking the relevant supporting documents, on the transportation and harvesting costs. We also assessed the adequacy of the disclosures in the financial statements relating to fair value measurement of biological assets.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 FRSs, 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

- 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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
3 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	Group 2017 Rp'000	Group 2016 Rp'000
Revenue	4	**460,279,845**	385,737,762
Cost of sales	5	**(348,948,642)**	(294,047,690)
Gross profit		**111,331,203**	91,690,072
Other items of income/(expenses)			
Interest income	6	**13,855,202**	14,364,629
Changes in fair value less estimated point-of-sale costs of biological assets	19	**(683,723)**	845,339
Other income	7	**10,712,801**	14,844,398
Distribution expenses		**(833,120)**	(1,332,224)
Administrative expenses		**(46,580,014)**	(40,978,805)
Finance cost	8	**(22,987)**	(13,032)
Other expenses		**(17,910,171)**	(9,544,828)
Profit before income tax	9	**69,869,191**	69,875,549
Income tax expense	10	**(24,234,951)**	(21,381,416)
Profit for the financial year		**45,634,240**	48,494,133
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits	26	**(5,601,492)**	105,646
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	10	**1,400,373**	(26,412)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**31,020,174**	(18,194,027)
Other comprehensive income for the financial year, net of tax		**26,819,055**	(18,114,793)
Total comprehensive income for the financial year		**72,453,295**	30,379,340
Profit attributable to:			
Owners of the parent		**42,690,193**	46,423,255
Non-controlling interest		**2,944,047**	2,070,878
		45,634,240	48,494,133
Total comprehensive income attributable to:			
Owners of the parent		**69,719,303**	28,304,501
Non-controlling interest		**2,733,992**	2,074,839
		72,453,295	30,379,340
		Rp	**Rp**
Earnings per share			
– Basic and diluted	11	**216**	230

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 Rp'000	Group 2016 Rp'000	Company 2017 Rp'000	Company 2016 Rp'000
Non-current assets					
Bearer plants	12	**110,076,428**	109,105,613	**–**	–
Property, plant and equipment	13	**133,449,817**	129,735,933	**85,373**	37,688
Investments in subsidiaries	14	**–**	–	**688,529,042**	631,820,942
Plasma plantation receivables	15	**52,839,932**	52,456,380	**–**	–
Operating use rights	16	**547,223**	606,081	**–**	–
Club memberships	17	**658,679**	604,430	**658,679**	604,430
Deferred charges	18	**6,194,318**	5,882,977	**–**	–
		303,766,397	298,391,414	**689,273,094**	632,463,060
Current assets					
Biological assets	19	**1,689,697**	2,373,420	**–**	–
Inventories	20	**40,215,065**	48,808,518	**–**	–
Trade and other receivables	21	**23,690,286**	26,647,493	**153,384,014**	164,345,834
Current income tax recoverable		**1,965,452**	14,387,248	**–**	–
Dividend receivable		**–**	–	**36,679,457**	57,833,614
Prepayments		**630,916**	459,954	**210,874**	211,529
Financial assets at fair value through profit or loss	22	**1,729,290**	189,000	**–**	–
Cash and cash equivalents	23	**382,844,694**	372,943,082	**177,467,335**	158,744,236
		452,765,400	465,808,715	**367,741,680**	381,135,213
Less:					
Current liabilities					
Trade and other payables	24	**38,550,237**	58,325,862	**1,201,791**	1,217,056
Dividend payable to non-controlling interest		**4,377,500**	2,847,500	**–**	–
Finance lease payable	25	**169,154**	64,544	**–**	–
Current income tax payable		**8,013,464**	3,753,622	**1,266,691**	520,173
		51,110,355	64,991,528	**2,468,482**	1,737,229
Net current assets		**401,655,045**	400,817,187	**365,273,198**	379,397,984
Less:					
Non-current liabilities					
Finance lease payable	25	**25,093**	95,891	**–**	–
Provision for post-employment benefits	26	**42,067,917**	39,669,527	**–**	–
Deferred tax liabilities	27	**5,169,652**	3,253,001	**–**	–
		47,262,662	43,018,419	**–**	–
Net assets		**658,158,780**	656,190,182	**1,054,546,292**	1,011,861,044
Capital and reserves					
Share capital	28	**648,501,310**	660,381,631	**648,501,310**	660,381,631
Foreign currency translation reserve	29	**112,481,865**	81,461,691	**363,093,570**	275,365,297
Accumulated (losses)/profits		**(117,590,243)**	(99,484,996)	**42,951,412**	76,114,116
Equity attributable to owners of the parent		**643,392,932**	642,358,326	**1,054,546,292**	1,011,861,044
Non-controlling interest		**14,765,848**	13,831,856	**–**	–
Total equity		**658,158,780**	656,190,182	**1,054,546,292**	1,011,861,044

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits/ (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 1.1.2017		**660,381,631**	**81,461,691**	**(99,484,996)**	**642,358,326**	**13,831,856**	**656,190,182**
Profit for the financial year		**–**	**–**	**42,690,193**	**42,690,193**	**2,944,047**	**45,634,240**
Other comprehensive income for the financial year:							
Remeasurement of post-employment benefits		**–**	**–**	**(5,321,418)**	**(5,321,418)**	**(280,074)**	**(5,601,492)**
Currency translation differences		**–**	**31,020,174**	**–**	**31,020,174**	**–**	**31,020,174**
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		**–**	**–**	**1,330,354**	**1,330,354**	**70,019**	**1,400,373**
Total comprehensive income for the financial year		**–**	**31,020,174**	**38,699,129**	**69,719,303**	**2,733,992**	**72,453,295**
Contribution by and distribution to owners of the parent:							
Shares buy back held in treasury	28	**(11,880,321)**	**–**	**–**	**(11,880,321)**	**–**	**(11,880,321)**
Dividend to owners of the parent	30	**–**	**–**	**(56,804,376)**	**(56,804,376)**	**–**	**(56,804,376)**
Total transactions with owners of the parent, recognised directly in equity		**(11,880,321)**	**–**	**(56,804,376)**	**(68,684,697)**	**–**	**(68,684,697)**
Dividend to non-controlling interest		**–**	**–**	**–**	**–**	**(1,800,000)**	**(1,800,000)**
Balance as at 31.12.2017		**648,501,310**	**112,481,865**	**(117,590,243)**	**643,392,932**	**14,765,848**	**658,158,780**
Balance as at 1.1.2016		670,628,551	99,655,718	(138,033,120)	632,251,149	15,107,017	647,358,166
Profit for the financial year		–	–	46,423,255	46,423,255	2,070,878	48,494,133
Other comprehensive income for the financial year:							
Remeasurement of post-employment benefits		–	–	100,364	100,364	5,282	105,646
Currency translation differences		–	(18,194,027)	–	(18,194,027)	–	(18,194,027)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		–	–	(25,091)	(25,091)	(1,321)	(26,412)
Total comprehensive income for the financial year		–	(18,194,027)	46,498,528	28,304,501	2,074,839	30,379,340
Contribution by and distribution to owners of the parent:							
Shares buy back held in treasury	28	(10,246,920)	–	–	(10,246,920)	–	(10,246,920)
Dividend to owners of the parent	30	–	–	(7,950,404)	(7,950,404)	–	(7,950,404)
Total transactions with owners of the parent, recognised directly in equity		(10,246,920)	–	(7,950,404)	(18,197,324)	–	(18,197,324)
Dividend to non-controlling interest		–	–	–	–	(3,350,000)	(3,350,000)
Balance as at 31.12.2016		660,381,631	81,461,691	(99,484,996)	642,358,326	13,831,856	656,190,182

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

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits Rp'000	Total equity Rp'000
Company					
Balance as at 1.1.2017		**660,381,631**	**275,365,297**	**76,114,116**	**1,011,861,044**
Profit for the financial year		**–**	**–**	**23,641,672**	**23,641,672**
Other comprehensive income for the financial year:					
Currency translation differences		**–**	**87,728,273**	**–**	**87,728,273**
Total comprehensive income for the financial year		**–**	**87,728,273**	**23,641,672**	**111,369,945**
Contribution by and distribution to owners of the parent:					
Shares buy back held in treasury	28	**(11,880,321)**	**–**	**–**	**(11,880,321)**
Dividend to owners of the parent	30	**–**	**–**	**(56,804,376)**	**(56,804,376)**
Total transactions with owners of the parent, recognised directly in equity		**(11,880,321)**	**–**	**(56,804,376)**	**(68,684,697)**
Balance as at 31.12.2017		**648,501,310**	**363,093,570**	**42,951,412**	**1,054,546,292**
Balance as at 1.1.2016		670,628,551	324,289,093	16,271,582	1,011,189,226
Profit for the financial year		–	–	67,792,938	67,792,938
Other comprehensive income for the financial year:					
Currency translation differences		–	(48,923,796)	–	(48,923,796)
Total comprehensive income for the financial year		–	(48,923,796)	67,792,938	18,869,142
Contribution by and distribution to owners of the parent:					
Shares buy back held in treasury	28	(10,246,920)	–	–	(10,246,920)
Dividend to owners of the parent	30	–	–	(7,950,404)	(7,950,404)
Total transactions with owners of the parent, recognised directly in equity		(10,246,920)	–	(7,950,404)	(18,197,324)
Balance as at 31.12.2016		660,381,631	275,365,297	76,114,116	1,011,861,044

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Group	
	2017	2016
	Rp'000	Rp'000
Cash flows from operating activities		
Profit before income tax	**69,869,191**	69,875,549
Adjustments for:		
Amortisation of operating use rights	**43,311**	44,161
Changes in fair value less estimated point-of-sale costs of biological assets	**683,723**	(845,339)
Changes in fair value of financial assets at fair value through profit or loss	**111,286**	(136,080)
Depreciation of property, plant and equipment	**11,764,972**	11,134,134
Depreciation of bearer plants	**9,821,524**	6,788,617
Impairment of club memberships	**–**	599,928
Gain on disposal of bearer plants	**(286,567)**	(2,226,679)
Loss/(Gain) on disposal of property, plant and equipment	**417,510**	(380,776)
Property, plant and equipment written off	**24,552**	–
Bearer plants written off	**1,472,064**	3,436,741
Deferred charges written off	**–**	3,628,500
Operating use rights written off	**15,547**	–
Interest expense	**22,987**	13,032
Interest income	**(13,855,202)**	(14,364,629)
Provision for post-employment benefits	**6,823,390**	6,164,094
Unrealised currency translation loss/(gain)	**10,896,147**	(6,945,952)
Operating cash flows before working capital changes	**97,824,435**	76,785,301
Working capital changes:		
Inventories	**8,593,452**	2,057,467
Trade and other receivables	**8,744,406**	10,976,975
Prepayments	**(152,861)**	45,264
Trade and other payables	**(19,903,189)**	25,567,704
Provision for post-employment benefits	**(10,026,491)**	(65,193)
Cash generated from operations	**85,079,752**	115,367,518
Interest received	**7,640,352**	7,062,895
Income tax paid, net	**(3,738,219)**	(17,453,568)
Net cash from operating activities	**88,981,885**	104,976,845

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Group	
	2017 Rp'000	2016 Rp'000
Cash flows from investing activities		
Capital expenditure on bearer plants	**(12,130,540)**	(12,010,995)
Additions to financial assets at fair value through profit or loss	**(1,651,576)**	–
Purchases of property, plant and equipment	**(15,895,514)**	(9,318,799)
Proceeds from disposal of property, plant and equipment	**361,423**	602,965
Payments for deferred charges arising from acquisition of land location permit	**(311,341)**	(113,500)
Net cash used in investing activities	**(29,627,548)**	(20,840,329)
Cash flows from financing activities		
Dividend paid to owners of the parent	**(56,804,376)**	(7,950,404)
Dividend paid to non-controlling interest	**–**	(1,250,000)
Shares buy back held in treasury	**(11,880,321)**	(10,246,920)
Finance lease interest paid	**(22,987)**	(13,032)
Repayments of obligations under finance lease	**(352,108)**	(99,622)
Net cash used in financing activities	**(69,059,792)**	(19,559,978)
Net change in cash and cash equivalents	**(9,705,455)**	64,576,538
Cash and cash equivalents at the beginning of the financial year	**372,943,082**	319,506,506
Effects of currency translation on cash and cash equivalents	**19,607,067**	(11,139,962)
Cash and cash equivalents at the end of the financial year (Note 23)	**382,844,694**	372,943,082

Reconciliation of liabilities arising from financing activities

	1 January 2017 Rp '000	Cash flow Rp '000	Non-cash changes Rp '000 Acquisition	 Accretion in interest	31 December 2017 Rp '000
Finance lease liabilities	**160,435**	(375,095)	385,920	22,987	**194,247**

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

1. GENERAL CORPORATE INFORMATION

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

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

The principal activity of the Company is that of an investment holding company and provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2017 were authorised for issue in accordance with a Directors' resolution dated 3 April 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs") including related Interpretations of FRSs ("INT FRSs") 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 FRSs 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS 7 (Amendments) Disclosure Initiative

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group adopted these amendments on 1 January 2017 and the additional disclosures have been included in the consolidated statement of cash flows.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRSs.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards(International).

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) are effective from the same date and relevant to the Group:

- SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15;
- SFRS(I) 9 Financial Instruments;
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 9.

The assessment made by the entity is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of SFRS(I) 15.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group and the Company retrospectively. The Group and the Company plans to adopt the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Based on the Group's initial assessment, the Group does not expect any significant changes to the classification and measurement of its financial assets and financial liabilities.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's and the Company's expectation of the implications arising from changes in the accounting treatment.

Impairment

SFRS(I) 9 replaces the current incurred loss model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), except for investments in equity instruments.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of SFRS(I) 9. The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) that are relevant to the Group were issued but not yet effective are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements.

2.2 Basis of consolidation

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

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

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

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

Acquisition under common control

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests

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

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

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

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interests. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of sales related taxes.

Sale of goods

Revenue from the sale of goods (crude palm oil and palm kernels) is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

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

2.4 Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Employee benefits (Continued)

(iii) Employee leave entitlements

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

2.5 Taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Taxes (Continued)

Deferred tax (Continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

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

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

Sales tax

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

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

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

2.6 Bearer plants

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Biological assets

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

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

2.8 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

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

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

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

2.9 Plasma plantation receivables

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

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

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

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

2.10 Operating use rights

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Club memberships

Club memberships are stated at cost less any impairment loss.

2.12 Deferred charges

Deferred charges represent legal and professional fees and other incidental costs incurred in the process of completing the legal arrangement of obtaining land rights. Deferred charges are stated at cost and will be subsequently reclassified to operating use rights (Note 2.10) once the land rights are legally and successfully obtained.

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

2.13 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.

2.14 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments

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

Effective interest method

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

Financial assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

(ii) Loans and receivables

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

The loans and receivables in the statements of financial position comprise Plasma plantation receivables, trade and other receivables (excluding Value Added Taxes recoverable), dividend receivable and cash and cash equivalents.

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the 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.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities are classified as fair value through profit or loss if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

Other financial liabilities

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities (Continued)

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 heding 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.

2.16 Cash and cash equivalents

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

2.17 Provisions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases

Finance leases

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

Assets held under finance leases are capitalised as property, plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as finance lease payable. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases

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

2.19 Foreign currency transactions and translation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Dividends

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

2.21 Segment reporting

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

(i) Impairment of investments in subsidiaries

The Company follows the guidance of FRS 36 in determining when an investment in a subsidiary is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of investment in a subsidiary is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) 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 2017

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) 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 using the market approach method. The key inputs to the market approach method 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 2017 was Rp1,689,697,000 (2016: Rp2,373,420,000).

(ii) 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 2017 was Rp110,076,428,000 (2016: Rp109,105,613,000).

(iii) 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 for impairment of the Plasma plantation receivables, management had estimated the related future purchases of FFB from the Plasma farmers and prepared the discounted cash flow projection for the amounts withheld by the Group for such purchases. This determination requires significant judgement and estimates in selecting the key assumptions such as FFB production yield of the handed-over Plasma plantations, 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. The carrying amount of the Group's Plasma plantation receivables as at 31 December 2017 was Rp64,213,571,000 (2016: Rp66,968,014,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

3.2 Key sources of estimation uncertainty (Continued)

(iv) Pension and employee benefits

The determination of the Group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, wages and salary increase, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognised immediately in profit or loss as and when they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the Group's estimated liabilities for post-employment benefits as at 31 December 2017 was Rp42,067,917,000 (2016: Rp39,669,527,000).

4. REVENUE

	Group	
	2017	**2016**
	Rp'000	**Rp'000**
Crude palm oil	**415,092,504**	344,768,609
Palm kernels	**45,187,341**	40,969,153
	460,279,845	385,737,762

5. COST OF SALES

	Group	
	2017	**2016**
	Rp'000	**Rp'000**
Cost of inventories recognised as expense	**348,948,642**	294,047,690
The above comprised the following:		
Changes in inventories of finished goods and fresh fruit bunches	**180,813,614**	135,075,927
Employee benefits expense – Direct labour	**45,599,328**	40,018,118
Depreciation of property, plant and equipment	**10,705,877**	10,161,099
Depreciation of bearer plants	**9,821,524**	6,788,617
Amortisation of operating use rights	**43,311**	44,161
Direct overheads	**101,964,988**	101,959,768
	348,948,642	294,047,690

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

6. INTEREST INCOME

	Group	
	2017	**2016**
	Rp'000	**Rp'000**
Interest income from:		
– bank balances and short-term deposits	**7,885,536**	7,406,908
– Plasma plantation receivables	**5,969,666**	6,957,721
	13,855,202	14,364,629

7. OTHER INCOME

	Group	
	2017	**2016**
	Rp'000	**Rp'000**
Changes in fair value of financial assets at fair value through profit or loss	**(111,286)**	136,080
Changes in fair value of derivative financial instruments, net	**7,790,071**	–
Gain on disposal of property, plant and equipment	**–**	380,776
Gain on disposal of bearer plants	**286,567**	2,226,679
Sundry income from sale of sludge and kernel shells	**2,344,112**	5,764,847
Government grant	**16,316**	19,130
Foreign exchange gain, net	**–**	5,523,474
Sundry income	**387,021**	793,412
	10,712,801	14,844,398

8. FINANCE COST

	Group	
	2017	**2016**
	Rp'000	**Rp'000**
Interest expense for finance lease	**22,987**	13,032

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

9. PROFIT BEFORE INCOME TAX

The above is arrived at after charging:

	Group	
	2017	2016
	Rp'000	Rp'000
Distribution expenses		
Freight and stevedoring expenses	476,528	937,807
Administrative expenses		
Bank charges	49,585	51,384
Depreciation of property, plant and equipment	1,059,095	973,035
Employee benefits expense[(1)]		
– Salaries, wages and bonuses	26,795,475	23,078,686
– Post-employment benefits	6,823,390	6,164,094
Audit fees		
– Auditors of the Company	945,822	792,309
– Other auditors[(2)]	250,000	236,000
Non-audit fees		
– Auditors of the Company	–	–
– Other auditors[(2)]	–	–
Operating lease expense – office premises and other office facilities	1,091,980	1,129,850
Professional fees	2,882,162	2,524,707
Entertainment expenses	523,615	549,086
Transportation, travelling and accommodation expenses	949,420	941,170
Other expenses		
Bearer plants written off	1,472,064	3,436,741
Deferred charges written off	–	3,628,500
Operating use rights written off	15,547	–
Impairment of club memberships	–	599,928
Loss on disposal of property, plant and equipment	417,510	–
Property, plant and equipment written off	24,552	–
Foreign exchange loss, net	14,769,379	–

(1) Employee benefits expense includes key management personnel remuneration as disclosed in Note 32 to the financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10. INCOME TAX EXPENSE

	Group	
	2017	2016
	Rp'000	Rp'000
Income tax recognised in profit or loss		
Current income tax		
– current financial year	**16,266,776**	14,020,606
– underprovision in prior financial years	**377,741**	82,844
– withholding tax on interest and dividend income	**4,273,410**	7,347,212
	20,917,927	21,450,662
Deferred income tax		
– current financial year	**3,317,024**	(69,246)
Total income tax expense recognised in profit or loss	**24,234,951**	21,381,416

Reconciliation of effective tax rate

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

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

	Group	
	2017	2016
	Rp'000	Rp'000
Profit before income tax	**69,869,191**	69,875,549
Income tax calculated at 25%	**17,467,298**	17,468,887
Tax effect of income not subject to tax	**(3,500,149)**	(7,502,159)
Tax effect of expenses not deductible	**4,661,666**	2,266,242
Tax effect of tax-exempt income	**(250,881)**	(250,857)
Underprovision of current income tax in prior financial years	**377,741**	82,844
Withholding tax on interest and dividend income	**4,273,410**	7,347,212
Effect of different income tax rate of entities operating in other jurisdiction	**2,156,892**	3,848,603
Tax rebate	**(595,300)**	(1,645,961)
Others	**(355,726)**	(233,395)
	24,234,951	21,381,416

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate (Continued)

Income tax recognised in other comprehensive income

	Group					
	2017			2016		
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurement of post-employment benefits	**(5,601,492)**	**1,400,373**	**(4,201,119)**	105,646	(26,412)	79,234

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 (2016: 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	
	2017	2016
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)	**42,690,193**	46,423,255
Weighted average (2016: weighted average) number of ordinary shares after share consolidation ('000)	**197,831**	202,123

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 1.1.2017	**155,646,171**	**15,182,322**	**477,155**	**7,498,148**	**178,803,796**
Additions	**–**	**1,552,027**	**6,686,312**	**4,342,201**	**12,580,540**
Disposals	**(380,888)**	**–**	**–**	**–**	**(380,888)**
Reclassification	**3,392,135**	**4,216,474**	**(3,989,237)**	**(3,619,372)**	**–**
Write off	**(1,064,777)**	**(1,223,616)**	**–**	**–**	**(2,288,393)**
Balance as at 31.12.2017	**157,592,641**	**19,727,207**	**3,174,230**	**8,220,977**	**188,715,055**
Accumulated depreciation					
Balance as at 1.1.2017	**69,698,183**	**–**	**–**	**–**	**69,698,183**
Depreciation for the financial year	**9,821,524**	**–**	**–**	**–**	**9,821,524**
Disposals	**(64,751)**	**–**	**–**	**–**	**(64,751)**
Write off	**(816,329)**	**–**	**–**	**–**	**(816,329)**
Balance as at 31.12.2017	**78,638,627**	**–**	**–**	**–**	**78,638,627**
Carrying amount					
Balance as at 31.12.2017	**78,954,014**	**19,727,207**	**3,174,230**	**8,220,977**	**110,076,428**
Cost					
Balance as at 1.1.2016	174,289,392	7,358,914	–	4,302,761	185,951,067
Additions	–	1,873,300	3,601,299	6,536,396	12,010,995
Disposals	(4,838,513)	–	–	–	(4,838,513)
Reclassification	515,045	5,950,108	(3,124,144)	(3,341,009)	–
Write off	(14,319,753)	–	–	–	(14,319,753)
Balance as at 31.12.2016	155,646,171	15,182,322	477,155	7,498,148	178,803,796
Accumulated depreciation					
Balance as at 1.1.2016	74,385,348	–	–	–	74,385,348
Depreciation for the financial year	6,788,617	–	–	–	6,788,617
Disposals	(592,770)	–	–	–	(592,770)
Write off	(10,883,012)	–	–	–	(10,883,012)
Balance as at 31.12.2016	69,698,183	–	–	–	69,698,183
Carrying amount					
Balance as at 31.12.2016	85,947,988	15,182,322	477,155	7,498,148	109,105,613

During the financial year, the Group has cleared off certain plots of mature oil palm plantations that have reached the age of 23 years old and certain plots of immature oil palm plantations which is not of ideal conditions to be transferred to the mature oil palm plantations, for re-planting with better yield seedlings. This led to the write off of bearer plants of Rp1,472,064,000 (2016: Rp3,436,741,000) that has been recognised in profit or loss, and included within "Other expenses" in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 1.1.2017	**88,078,765**	**76,177,702**	**56,417,781**	**3,388,516**	**–**	**224,062,764**
Additions	**–**	**1,089,400**	**8,950,783**	**121,492**	**6,119,759**	**16,281,434**
Disposals	**–**	**–**	**(2,577,317)**	**(20,362)**	**–**	**(2,597,679)**
Write-off	**–**	**–**	**–**	**(109,850)**	**–**	**(109,850)**
Reclassification	**3,315,995**	**–**	**–**	**–**	**(3,315,995)**	**–**
Currency translation differences	**–**	**–**	**146,006**	**137,803**	**–**	**283,809**
Balance as at 31.12.2017	**91,394,760**	**77,267,102**	**62,937,253**	**3,517,599**	**2,803,764**	**237,920,478**
Accumulated depreciation						
Balance as at 1.1.2017	**25,463,757**	**32,941,064**	**33,489,208**	**2,432,802**	**–**	**94,326,831**
Depreciation for the financial year	**3,543,780**	**3,054,507**	**4,966,855**	**199,830**	**–**	**11,764,972**
Disposals	**–**	**–**	**(1,798,384)**	**(20,362)**	**–**	**(1,818,746)**
Write-off	**–**	**–**	**–**	**(85,298)**	**–**	**(85,298)**
Currency translation differences	**–**	**–**	**146,006**	**136,896**	**–**	**282,902**
Balance as at 31.12.2017	**29,007,537**	**35,995,571**	**36,803,685**	**2,663,868**	**–**	**104,470,661**
Carrying amount						
Balance as at 31.12.2017	**62,387,223**	**41,271,531**	**26,133,568**	**853,731**	**2,803,764**	**133,449,817**
Cost						
Balance as at 1.1.2016	84,247,010	74,039,253	55,732,712	3,186,240	989,896	218,195,111
Additions	–	1,016,000	4,263,355	276,950	3,964,308	9,520,613
Disposals	–	–	(3,499,166)	–	–	(3,499,166)
Reclassification	3,831,755	1,122,449	–	–	(4,954,204)	–
Currency translation differences	–	–	(79,120)	(74,674)	–	(153,794)
Balance as at 31.12.2016	88,078,765	76,177,702	56,417,781	3,388,516	–	224,062,764
Accumulated depreciation						
Balance as at 1.1.2016	21,975,542	29,972,366	32,358,634	2,314,690	–	86,621,232
Depreciation for the financial year	3,488,215	2,968,698	4,486,671	190,550	–	11,134,134
Disposals	–	–	(3,276,977)	–	–	(3,276,977)
Currency translation differences	–	–	(79,120)	(72,438)	–	(151,558)
Balance as at 31.12.2016	25,463,757	32,941,064	33,489,208	2,432,802	–	94,326,831
Carrying amount						
Balance as at 31.12.2016	62,615,008	43,236,638	22,928,573	955,714	–	129,735,933

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment Rp'000	Motor vehicles Rp'000	Total Rp'000
Company			
Cost			
Balance as at 1.1.2017	**1,535,330**	**1,626,743**	**3,162,073**
Additions	**99,282**	**–**	**99,282**
Disposals	**(20,362)**	**–**	**(20,362)**
Write-off	**(14,129)**	**–**	**(14,129)**
Currency translation differences	**137,803**	**146,006**	**283,809**
Balance as at 31.12.2017	**1,737,924**	**1,772,749**	**3,510,673**
Accumulated depreciation			
Balance as at 1.1.2017	**1,497,642**	**1,626,743**	**3,124,385**
Depreciation for the financial year	**52,504**	**–**	**52,504**
Disposals	**(20,362)**	**–**	**(20,362)**
Write-off	**(14,129)**	**–**	**(14,129)**
Currency translation differences	**136,896**	**146,006**	**282,902**
Balance as at 31.12.2017	**1,652,551**	**1,772,749**	**3,425,300**
Carrying amount			
Balance as at 31.12.2017	**85,373**	**–**	**85,373**
Cost			
Balance as at 1.1.2016	1,610,004	1,705,863	3,315,867
Currency translation differences	(74,674)	(79,120)	(153,794)
Balance as at 31.12.2016	1,535,330	1,626,743	3,162,073
Accumulated depreciation			
Balance as at 1.1.2016	1,518,150	1,705,863	3,224,013
Depreciation for the financial year	51,930	–	51,930
Currency translation differences	(72,438)	(79,120)	(151,558)
Balance as at 31.12.2016	1,497,642	1,626,743	3,124,385
Carrying amount			
Balance as at 31.12.2016	37,688	–	37,688

Transportation equipment and motor vehicles of the Group with carrying amount of Rp677,342,000 (2016: Rp244,364,000) were acquired under finance lease arrangement (Note 25).

During the financial year, the Group acquired property, plant and equipment for an aggregate of Rp16,281,434,000 (2016: Rp9,520,613,000) of which Rp385,920,000 (2016: Rp201,814,000) was acquired under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

14. INVESTMENTS IN SUBSIDIARIES

	Company 2017 Rp'000	Company 2016 Rp'000
Unquoted equity shares in corporations, at cost		
Balance as at the beginning of the financial year	**536,393,902**	562,482,402
Addition	**103,991,945**	–
Currency translation differences	**48,143,195**	(26,088,500)
Balance as at the end of the financial year	**688,529,042**	536,393,902
Deemed investment in a subsidiary	**–**	95,427,040
	688,529,042	631,820,942

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 2017 %	Proportion of ownership interest held by the Group 2016 %	Proportion of ownership interest held by non-controlling interest 2017 %	Proportion of ownership interest held by non-controlling interest 2016 %
Held by the Company					
Global Palm Resources Private Limited(1) (Singapore)	Investment holding company	**100**	100	**–**	–
Ecogreen Resources Investments Limited(2) (Cayman Islands)	Dormant	**100**	100	**–**	–
Held by Global Palm Resources Private Limited					
PT Prakarsa Tani Sejati(3) (Indonesia)	Oil palm plantations and manufacturing of plantation products (crude palm oil and palm kernels)	**95**	95	**5**	5

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

During the financial year, the Company capitalised the deemed investment in Global Palm Resources Private Limited as investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interest

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

	PT Prakarsa Tani Sejati	
	2017	2016
	Rp'000	Rp'000
Revenue	**460,279,845**	385,737,762
Profit before income tax	**77,773,339**	54,885,100
Income tax expense	**(18,892,386)**	(13,467,547)
Profit for the financial year	**58,880,953**	41,417,553
Profit allocated to NCI	**2,944,047**	2,070,878
Other comprehensive income allocated to NCI	**(210,055)**	3,961
Total comprehensive income allocated to NCI	**2,733,992**	2,074,839
Dividend to NCI	**–**	1,250,000
Cash flows from/(used in) operating activities	**67,216,306**	(38,733,171)
Cash flows used in investing activities	**(29,982,136)**	(20,840,328)
Cash flows used in financing activities	**(53,974,837)**	(25,112,654)
Net cash outflows	**(16,740,667)**	(84,686,153)
Assets:		
Current assets	**272,556,182**	303,383,812
Non-current assets	**303,022,345**	297,749,297
Liabilities:		
Current liabilities	**232,998,898**	281,477,556
Non-current liabilities	**47,262,662**	43,018,419
Net assets	**295,316,967**	276,637,134
Accumulated non-controlling interests	**14,765,848**	13,831,856

15. PLASMA PLANTATION RECEIVABLES

	Group	
	2017	2016
	Rp'000	Rp'000
Plasma plantation receivables	**64,213,571**	66,968,014
Less: Current portion (Note 21)	**(11,373,639)**	(14,511,634)
Non-current portion	**52,839,932**	52,456,380

Plasma plantation receivables are unsecured and bear interest at 11% per annum (2016: 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. Based on the management's estimate, the amount of Rp11,373,639,000 will be repaid within the next financial year. The remaining amount of Rp52,839,932,000 will be repaid by 2029.

Plasma plantation receivables are denominated in Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

16. OPERATING USE RIGHTS

	Group	
	2017	2016
	Rp'000	Rp'000
Cost		
Balance as at the beginning of the financial year	**1,400,873**	1,400,873
Write-off	**(15,547)**	–
Balance as at the end of the financial year	**1,385,326**	1,400,873
Accumulated amortisation		
Balance as at the beginning of the financial year	**794,792**	750,631
Amortisation for the financial year	**43,311**	44,161
Balance as at the end of the financial year	**838,103**	794,792
Carrying amount		
Balance as at the end of the financial year	**547,223**	606,081

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

	Group	
	2017	2016
	Years	Years
Remaining amortisation period	**12**	13

17. CLUB MEMBERSHIPS

	Group and Company	
	2017	2016
	Rp'000	Rp'000
Club memberships, at cost	**888,112**	888,112
Impairment of club memberships	**(599,928)**	(599,928)
Currency translation differences	**370,495**	316,246
	658,679	604,430

Club memberships comprise memberships for golf club in Singapore. The Group carried out a review of the recoverable amount of its club memberships due to the potential closure of these golf club following the announcement made by the local government authority that it would be acquiring the land on which the golf clubs reside for public transport development purposes. The recoverable amount of Rp658,679,000 (equivalent to S$65,000) has been determined based on the prevailing market selling price of the club memberships at the time of the review.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

18. DEFERRED CHARGES

	Group	
	2017	2016
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**5,882,977**	9,397,977
Addition	**311,341**	113,500
Write-off	**–**	(3,682,500)
Balance as at the end of the financial year	**6,194,318**	5,882,977

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.

19. BIOLOGICAL ASSETS

	Group	
	2017	2016
	Rp'000	Rp'000
At fair value		
Balance as at the beginning of the financial year	**2,373,420**	1,528,081
Changes in fair value less estimated point-of-sale costs	**(683,723)**	845,339
Balance as at the end of the financial year	**1,689,697**	2,373,420

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 ("CPO") and palm kernels ("PK").

During the financial year, the Group harvested approximately 134,081 (2016: 132,631) 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 1,165.13 tonnes (2016: 1,434.41 tonnes) of FFB. The fair value of FFB was determined with reference to their market prices.

The fair value of FFB was determined by an independent valuer having appropriate recognised professional qualification using the market approach method. The market approach method is a valuation method based on the comparison of data from similar biological assets and with adjustments over the factors that affect the market value of biological assets as at the end of the financial year. This involves applying market selling prices of FFB to estimated quantities of FFB and making adjustments for estimated point-of-sale costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

19. BIOLOGICAL ASSETS (CONTINUED)

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 plantations used to estimate the quantity of FFB;

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

(iii) the transportation 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.

20. INVENTORIES

	Group	
	2017	2016
	Rp'000	Rp'000
Finished goods	**29,348,461**	38,373,775
Production supplies	**10,337,408**	10,164,700
Fresh fruit bunches	**529,196**	270,043
	40,215,065	48,808,518

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Trade receivables – third parties	**5,431,513**	5,374,350	**–**	–
Other receivables				
– subsidiaries	**–**	–	**3,657,555**	3,256,128
– third parties	**2,409,920**	4,066,443	**123,457**	407,359
– plasma plantation receivables	**11,373,639**	14,511,634	**–**	–
– loans to a subsidiary	**–**	–	**147,489,882**	158,153,565
	13,783,559	18,578,077	**151,270,894**	161,817,052
Value added taxes recoverable	**2,195,785**	–	**–**	–
Refundable deposits	**2,279,429**	2,695,066	**2,113,120**	2,528,782
	23,690,286	26,647,493	**153,384,014**	164,345,834

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

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For the financial year ended 31 December 2017

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. The balance is neither past due nor impaired at the reporting date.

As at 31 December 2017, the Company's loans to a subsidiary are unsecured, repayable on demand and earns interest at 1.5% to 2.5% above SIBOR per annum.

Trade and other receivables (excluding value added taxes recoverable) are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**19,342,407**	23,711,067	**68,529,096**	85,911,787
Singapore dollar	**488,383**	2,936,426	**83,191,207**	78,434,047
Malaysian ringgit	**1,657,431**	–	**1,657,431**	–
United States dollar	**6,280**	–	**6,280**	–
	21,494,501	26,647,493	**153,384,014**	164,345,834

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2017	2016
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**189,000**	52,920
Additions	**1,651,576**	–
Changes in fair value during the financial year (Note 7)	**(111,286)**	136,080
Balance as at the end of the financial year	**1,729,290**	189,000
Comprising:		
Listed securities:		
Equity securities – Indonesia	**1,729,290**	189,000

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

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

The quoted equity securities are denominated in Indonesian rupiah.

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For the financial year ended 31 December 2017

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Cash and bank balances	**59,512,586**	55,719,040	**12,752,578**	1,545,389
Fixed deposits with banks	**323,332,108**	317,224,042	**164,714,757**	157,198,847
	382,844,694	372,943,082	**177,467,335**	158,744,236

Fixed deposits mature on varying dates ranging between 3 days to 88 days (2016: 3 days to 88 days) from the end of the financial year. The effective interest rates on the fixed deposits range from 0.35% to 6.3% (2016: 0.5% to 8%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**127,007,049**	139,412,571	**47,957,371**	45,521,135
Singapore dollar	**188,206,605**	169,673,159	**91,079,719**	80,573,252
United States dollar	**67,631,040**	63,857,352	**38,430,245**	32,649,849
	382,844,694	372,943,082	**177,467,335**	158,744,236

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Trade payables				
– related parties	**–**	1,130,945	**–**	–
– third parties	**24,651,240**	21,828,297	**–**	–
	24,651,240	22,959,242	**–**	–
Other payables – third parties	**687,679**	797,925	**–**	–
Value added taxes payable	**–**	1,138,219	**–**	–
Other taxes payable	**4,417,895**	7,585,938	**–**	–
Accrued operating expenses	**8,793,423**	10,067,538	**1,201,791**	1,217,056
Advances from customers	**–**	15,777,000	**–**	–
	38,550,237	58,325,862	**1,201,791**	1,217,056

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

24. TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	**32,789,593**	32,499,242	**–**	–
Singapore dollar	**1,342,749**	1,325,463	**1,201,791**	1,217,056
	34,132,342	33,824,705	**1,201,791**	1,217,056

25. FINANCE LEASE PAYABLE

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	Rp'000	Rp'000	Rp'000
Group			
2017			
Current liabilities			
Not later than one year	**176,192**	**(7,038)**	**169,154**
Non-current liabilities			
Later than one year and not later than five years	**25,580**	**(487)**	**25,093**
	201,772	**(7,525)**	**194,247**
2016			
Current liabilities			
Not later than one year	76,740	(12,196)	64,544
Non-current liabilities			
Later than one year and not later than five years	102,320	(6,429)	95,891
	179,060	(18,625)	160,435

Finance lease payable is denominated in Indonesian rupiah.

The finance lease term for the finance lease payable as at 31 December 2017 was 1 year to 3 years (2016: 3 years).

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCE LEASE PAYABLE (CONTINUED)

The effective interest rates charged during the financial year range from 8.75% (2016: 9.29%) per annum.

Interest rates were fixed at contract date. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The obligation under finance lease was secured by the leased asset.

As at the end of the financial year, the fair value of the Group's finance lease obligation approximates its carrying amount as the contractual interest rate is similar to the market interest rate.

26. PROVISION FOR POST-EMPLOYMENT BENEFITS

	Group	
	2017	**2016**
	Rp'000	**Rp'000**
Present value of retirement benefit obligations	**(52,364,714)**	(39,669,527)
Fair value of plan assets	**10,296,797**	–
	(42,067,917)	(39,669,527)

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

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

	2017	**2016**
Discount rate	**7.0% per annum**	8.40% per annum
Wages and salary growth rate	**8% per annum**	8% per annum
Mortality rate	**TMI 2011**	TMI 2011
Retirement age	**55 years of age**	55 years of age
Average duration	**15.44 years**	16.34 years
Method	**Projected unit credit**	Projected unit credit

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

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

In 2018, the Group expects to contribute Rp 12,000,000,000 into the Plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

26. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of post-employment benefits

	Group	
	2017	2016
	Rp'000	Rp'000
Balance, representing present value of obligation, as at the beginning of the financial year	39,669,527	33,676,272
Included in profit or loss		
Current service costs	4,331,822	2,853,161
Interest costs	2,911,128	3,061,574
Past service cost	–	249,359
	7,242,950	6,164,094
Provision utilised during the financial year	(36,958)	(65,193)
Included in other comprehensive income		
Remeasurement of post-employment benefits from:		
– Financial assumptions	3,918,687	1,542,690
– Experience adjustments	1,570,508	(1,648,336)
	5,489,195	(105,646)
Balance, representing present value of obligation, as at the end of the financial year	52,364,714	39,669,527

Reconciliation of fair value of the Plan assets:

	Group	
	2017	2016
	Rp'000	Rp'000
At beginning of financial year	–	–
Included in profit or loss		
Interest	419,561	–
Included in other comprehensive income		
Return on plan assets (excluding interest)	(112,297)	–
Others		
Employer contributions	10,026,491	–
Benefits paid	(36,958)	–
	9,989,533	–
At end of the financial year	10,296,797	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

26. 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	
	2017	2016
	Rp'000	Rp'000
Fixed income	**8,265,417**	–
Syariah fund	**2,031,380**	–
	10,296,797	–

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
2017			
Discount rate	**1%**	**48,650,206**	**56,671,347**
Wages and salary growth rate	**1%**	**57,118,364**	**48,262,285**
Mortality rate	**1%**	**52,366,098**	**52,363,331**
2016			
Discount rate	1%	37,071,266	42,663,638
Wages and salary growth rate	1%	43,010,350	36,761,572
Mortality rate	1%	39,665,910	39,673,146

27. DEFERRED TAX LIABILITIES

	Group	
	2017	2016
	Rp'000	Rp'000
Balance as at the beginning of the financial year	**3,253,001**	3,295,835
Charged/(credited) to profit or loss	**3,317,024**	(69,246)
(Credited)/charged to other comprehensive income	**(1,400,373)**	26,412
Balance as at the end of the financial year	**5,169,652**	3,253,001

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. DEFERRED TAX LIABILITIES (CONTINUED)

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

	Biological assets Rp'000	Property, plant and equipment Rp'000	Bearer plants and operating use rights Rp'000	Provision for post-employment benefits Rp'000	Total Rp'000
Group					
Balance as at 1.1.2016	382,020	12,230,236	(897,355)	(8,419,066)	3,295,835
Charged/(Credited) to profit or loss	211,335	592,206	651,938	(1,524,725)	(69,246)
Charged to other comprehensive income	–	–	–	26,412	26,412
Balance as at 31.12.2016	593,355	12,822,442	(245,417)	(9,917,379)	3,253,001
Charged/(Credited) to profit or loss	(170,931)	408,447	2,278,735	800,773	3,317,024
Charged to other comprehensive income	–	–	–	(1,400,373)	(1,400,373)
Balance as at 31.12.2017	**422,424**	**13,230,889**	**2,033,318**	**(10,516,979)**	**5,169,652**

The Group has recognised withholding tax of Rp4,273,410,000 (2016: Rp7,347,212,000) relating to the dividends and interest received from a subsidiary during the financial year. Temporary differences on the remaining undistributed earnings for which no withholding tax liability has been recognised amounted to approximately Rp260,316,967,000 (2016: Rp246,356,452,000) as the Group does not expect to distribute such earnings in the foreseeable future. Such withholding tax liability is estimated to be Rp26,031,697,000 (2016: Rp24,635,645,000).

Deferred tax liabilities on foreign-sourced interest income earned from deposits of surplus funds with subsidiary and financial institutions amounting to approximately Rp332,361,000 (2016: Rp216,300,000) was not recognised as the Group does not intend to remit such income back to Singapore in the foreseeable future.

28. SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares			
	'000	'000	Rp'000	Rp'000
Issued and paid up				
Balance as at the beginning and end of the financial year	**206,484**	206,484	**681,817,047**	681,817,047
Treasury shares				
Balance as at the beginning of the financial year	**6,700**	2,914	**21,435,416**	11,188,496
Shares re-acquired and held as treasury shares	**3,330**	3,786	**11,880,321**	10,246,920
Balance as at the end of the financial year	**10,030**	6,700	**33,315,737**	21,435,416
Balance as at the end of the financial year (excluding treasury shares)	**196,454**	199,784	**648,501,310**	660,381,631

NOTES TO THE FINANCIAL STATEMENTS

28. SHARE CAPITAL (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and the Company. All ordinary shares have no par value and carry one vote per share without restriction.

Treasury shares

Treasury shares relate to ordinary shares of the Company that were re-acquired and held by the Company. The Company acquired 3,330,000 (2016: 3,786,000) of its ordinary shares in the open market during the financial year. The total amount paid to acquire these shares was Rp11,880,321,000 (2016: Rp10,246,920,000) and this was presented as a component within shareholders' equity.

29. FOREIGN CURRENCY TRANSLATION RESERVE

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.

30. DIVIDEND

	Group and Company	
	2017	2016
	Rp'000	Rp'000
Final tax-exempt dividend of S$0.0301 (approximately Rp286.67) [2016: S$0.004 (approximately Rp39.22)] per ordinary share in respect of financial year ended 31 December 2016 (2016: 31 December 2015)	**56,804,376**	7,950,404

The Board of Directors of the Company recommend a final tax-exempt dividend of S$0.01 per ordinary share amounting to an estimated net dividend of approximately S$1,965,000 (approximately Rp19,907,755,000) in respect of the current financial year, based on the number of issued shares as at 31 December 2017. This final dividend has not been recognised as a liability at the end of the financial year as it is subject to approval at the Annual General Meeting of the Company.

31. COMMITMENTS

31.1 Capital commitments

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

	Group and Company	
	2017	2016
	Rp'000	Rp'000
Property, plant and equipment	**4,849,882**	2,672,495

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31. COMMITMENTS (CONTINUED)

31.2 Operating lease commitments

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

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Future minimum lease payments payable:				
Not later than one year	**986,153**	754,471	**897,474**	634,471
Later than one year and not later than five years	**638,975**	31,830	**638,975**	31,830
	1,625,128	786,301	**1,536,449**	666,301

Leases initially run for an initial period of 3 to 5 years, with an option to renew for another 2 years, with no contingent rentals payments.

31.3 Commitment for sales contracts

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

	Group	
	2017	2016
	Rp'000	Rp'000
Sales	**15,392,000**	17,530,000

32. 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	
	2017	2016
	Rp'000	Rp'000
Related parties		
Purchase of spare parts from related parties	**232,036**	241,670
Services received from related parties	**300,000**	300,000
Transportation charged by related parties	**1,189,115**	2,424,483
Purchase of property, plant and equipment from related parties	**318,450**	2,840,400
Rental of premises charged by related parties	**164,339**	164,339

Related parties refer to entities, of which Mr. Tan Hong Kiat @ Suparno Adijanto, Director of the Company, has joint control.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel remuneration

The remuneration of the Directors of the Company and other key management of the Group for the financial years ended 31 December 2017 and 2016 were as follows:

	Group	
	2017	2016
	Rp'000	Rp'000
Short-term benefits	12,514,366	11,052,153
Analysed into:		
Directors of the Company	6,137,659	5,526,564
Directors of the subsidiary	1,902,379	1,666,670
Other key management personnel	4,474,328	3,858,919
	12,514,366	11,052,153
Directors' fees	1,874,703	1,720,300

33. 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.

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

34.1 Financial instruments

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

	Group		Company	
	2017	2016	2017	2016
	Rp'000	Rp'000	Rp'000	Rp'000
Financial assets				
Plasma plantation receivables[1]	52,839,932	52,456,380	–	–
Trade and other receivables[2]	21,494,501	26,647,493	153,384,014	164,345,834
Cash and cash equivalents	382,844,694	372,943,082	177,467,335	158,744,236
Dividend receivable	–	–	36,679,457	57,833,614
Loans and receivables	457,179,127	452,046,955	367,530,806	380,923,684
Financial assets at fair value through profit or loss	1,729,290	189,000	–	–
	458,908,417	452,235,955	367,530,806	380,923,684
Financial liabilities				
Trade and other payables[3]	34,132,342	33,824,705	1,201,791	1,217,056
Finance lease payable	194,247	160,435	–	–
Dividend payable to non-controlling interest	4,377,500	2,847,500	–	–
Other financial liabilities at amortised cost	38,704,089	36,832,640	1,201,791	1,217,056

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.1 Financial instruments (Continued)

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

2 This excludes value added taxes recoverable.

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

34.2 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.

(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 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 Rp64,213,571,000 (2016: Rp66,968,014,000).

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries amounting to approximately Rp151,147,437,000 (2016: Rp161,409,693,000) which represented 98.5% (2016: 98.2%) of total trade and other receivables, and dividend receivable amounting to Rp36,679,457,000 (2016: Rp57,833,614,000).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.2 Financial risks (Continued)

(b) Market risks

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

(i) Foreign currency risks

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

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

The Group's currency exposure is as follows:

	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Group					
2017					
Total financial assets	271,792,443	67,637,320	1,657,431	340,177,535	681,264,729
Total financial liabilities	(83,928,357)	–	–	(176,859,350)	(260,787,707)
Net financial assets	187,864,086	67,637,320	1,657,431	163,318,185	420,477,022
Less:					
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(173,069,134)	–	–	(10,152,256)	(183,221,390)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	14,794,952	67,637,320	1,657,431	153,165,929	237,255,632

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.2 Financial risks (Continued)

(b) Market risks (Continued)

(i) Foreign currency risks (Continued)

	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
Group					
2016					
Total financial assets	306,152,743	63,857,352	–	358,965,814	728,975,909
Total financial liabilities	(230,295,678)	–	–	(178,703,956)	(408,999,634)
Net financial assets	75,857,065	63,857,352	–	180,261,858	319,976,275
Less:					
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(157,790,242)	–	–	(48,828,936)	(206,619,178)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	(81,933,177)	63,857,352	–	131,432,922	113,357,097

The Company's currency exposure is as follows:

	USD Rp'000	MYR Rp'000	IDR Rp'000
Company			
2017			
Total financial assets	**38,436,525**	**1,657,431**	**153,165,924**
Total financial liabilities	**–**	**–**	**–**
Net currency exposure of financial assets	**38,436,525**	**1,657,431**	**153,165,924**
2016			
Total financial assets	32,649,849	–	189,266,536
Total financial liabilities	–	–	–
Net currency exposure of financial assets	32,649,849	–	189,266,536

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.2 Financial risks (Continued)

(b) Market risks (Continued)

(i) Foreign currency risks (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 3% 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 3% change in United States dollar, Malaysian ringgit and Indonesian rupiah against the Company's functional currency (Singapore dollar). The sensitivity analysis assumes an instantaneous 3% change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, United States dollar and Indonesian rupiah are included in the analysis.

	Increase/(Decrease) profit or loss	
	2017 Rp'000	2016 Rp'000
Group		
Singapore dollar		
Strengthened against Indonesian rupiah	**443,849**	(2,457,995)
Weakened against Indonesian rupiah	**(443,849)**	2,457,995
United States dollar		
Strengthened against Indonesian rupiah	**2,029,120**	1,915,721
Weakened against Indonesian rupiah	**(2,029,120)**	(1,915,721)
Malaysian ringgit		
Strengthened against Singapore dollar	**49,723**	–
Weakened against Singapore dollar	**(49,723)**	–
Indonesian rupiah		
Strengthened against Singapore dollar	**4,594,978**	3,942,988
Weakened against Singapore dollar	**(4,594,978)**	(3,942,988)
Company		
United States dollar		
Strengthened against Singapore dollar	**1,153,096**	979,495
Weakened against Singapore dollar	**(1,153,096)**	(979,495)
Malaysian ringgit		
Strengthened against Singapore dollar	**49,723**	–
Weakened against Singapore dollar	**(49,723)**	–
Indonesian rupiah		
Strengthened against Singapore dollar	**4,594,978**	5,677,996
Weakened against Singapore dollar	**(4,594,978)**	(5,677,996)

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.2 Financial risks (Continued)

(b) Market risks (Continued)

(i) Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

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

(ii) Interest rate risks

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

The Group's exposure to market risk for changes in interest rates relates primarily to interest-bearing cash and cash equivalents as shown in Note 23 to the financial statements. The Group's profit or loss and equity are not affected by the changes in interest rates of Plasma plantation receivables and finance lease payable 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 fixed deposits and loans to a subsidiary.

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 (2016: 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 (2016: 50 basis point), profit before income tax of the Group, will increase or decrease by:

	Group	
	2017	2016
	Rp'000	Rp'000
Interest-bearing cash and cash equivalents	**1,616,661**	1,586,120

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.2 Financial risks (Continued)

(b) Market risks (Continued)

(iii) Price risks

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

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

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

Price risk sensitivity analysis

At the end of the financial year, had the crude palm oil and palm kernel average selling prices been 14% (2016: 44%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by approximately Rp62,487,783,000 (2016: Rp169,724,615,000).

(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 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

34.2 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.

	Effective interest rate %	Within one financial year Rp'000	Between two to five financial years Rp'000
Group			
Financial liabilities			
2017			
Trade and other payables*	**–**	**34,132,342**	**–**
Finance lease payable	**8.75%**	**176,192**	**25,580**
Dividend payable to non-controlling interest	**–**	**4,377,500**	**–**
		38,686,034	**25,580**
2016			
Trade and other payables*	–	33,824,705	–
Finance lease payable	9.29%	76,740	102,320
Dividend payable to non-controlling interest	–	2,847,500	–
		36,748,945	102,320

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

	Effective interest rate %	Within one financial year Rp'000
Company		
Financial liabilities		
2017		
Trade and other payables	**–**	**1,201,791**
2016		
Trade and other payables	–	1,217,056

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

	Fair value measurement using:		
	Level 1 Rp'000	Level 2 Rp'000	Level 3 Rp'000
Group			
2017			
Assets			
Financial assets at fair value through profit or loss	**1,729,290**	**–**	**–**
Biological assets	**–**	**–**	**1,689,697**
2016			
Assets			
Financial assets at fair value through profit or loss	189,000	–	–
Biological assets	–	–	2,373,420

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 1 fair value measurements

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

(d) Level 3 fair value measurements

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

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

(ii) Valuation policies and procedures

To determine the fair value of biological assets, the Group engages external valuation experts to perform the valuation. The group finance team is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 Fair Value Measurement guidance.

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

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

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

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

Description	Fair value at 31 December 2017 Rp'000	Valuation technique used	Significant unobservable input	Quantitative information	Relationship of significant unobservable input to fair value
Biological assets	1,689,697 (2016: 2,373,420)	Market Approach	FFB production yield	1,165.13 tons (2016: 1,434.41 tons)	The higher the FFB production yield used to estimate the quantity of biological assets, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

36. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

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

The management constantly reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The capital structure of the Group and the Company comprises the share capital, foreign currency translation reserve and accumulated 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 2017 and 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2018

DISTRIBUTION OF SHAREHOLDINGS (EXCLUDING TREASURY SHARES)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.26	250	0.00
100 – 1,000	190	10.09	163,100	0.09
1,001 – 10,000	1,127	59.85	5,505,850	2.80
10,001 – 1,000,000	556	29.53	30,004,100	15.27
1,000,001 AND ABOVE	5	0.27	160,781,000	81.84
TOTAL	**1,883**	**100.00**	**196,454,300**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO	NAME	NO. OF SHARES	%
1	GPR INVESTMENT HOLDINGS LIMITED	151,740,000	77.24
2	DBS NOMINEES (PRIVATE) LIMITED	2,978,350	1.52
3	OCBC SECURITIES PRIVATE LIMITED	2,815,600	1.43
4	RAFFLES NOMINEES (PTE) LIMITED	2,047,850	1.04
5	LEE IN CHUN	1,199,200	0.61
6	LIM KUI TENG	1,000,000	0.51
7	NOMURA SINGAPORE LIMITED	882,000	0.45
8	CGS-CIMB SECURITIES (S) PL	840,050	0.43
9	CITIBANK NOMINEES SINGAPORE PTE LTD	771,500	0.39
10	SENG SOON HIANG	733,500	0.37
11	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	500,000	0.25
12	CHONG YEN CHAN	416,000	0.21
13	SEE MENG HONG	400,000	0.20
14	GAN TIAM SIANG	347,900	0.18
15	UNITED OVERSEAS BANK NOMINEES	337,000	0.17
16	NG TONG HUAT	284,100	0.14
17	LIM BOON SIANG	284,000	0.14
18	LIM CHOON THYE	260,000	0.13
19	CHIA LEE MENG RAYMOND	250,000	0.13
20	KWEK LAY KUAN MRS LEE-KWEK LAY	250,000	0.13
	TOTAL	**168,337,050**	**85.67**

No. of issued shares:	206,484,000	
No. of issued shares (excluding Treasury Shares):	196,454,300	
No./Percentage of treasury shares:	10,029,700	4.86%
Number of shareholders:	1,884	

Class of shares:	Ordinary shares
Voting Rights (excluding Treasury Shares):	1 vote per share*

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%**	Deemed Interest	%
GPR Investment Holdings Limited***	151,740,000	77.24%	–	–

Notes:

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

** The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as of 15 March 2018, excluding 10,029,700 ordinary shares held as treasury shares as at that date.

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

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 15 March 2018, approximately 22.76% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GLOBAL PALM RESOURCES HOLDINGS LIMITED ("the Company") will be held on 27 April 2018 at 10.00 a.m. at Duke & Duchess Room, Level 2, Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:

   Mr Yee Kit Hong (Retiring under Article 89) **(Resolution 2)**
   Mr M Rajaram (Retiring under Article 89) **(Resolution 3)**

   [See Explanatory Note (i) and (ii)]

3. To approve the payment of Directors' fees of S$185,000 for the financial year ending 31 December 2018 to be paid quarterly in arrears. (2017: S$185,000) **(Resolution 4)**

4. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To declare first and final tax exempt (one-tier) dividend of S$0.01 per ordinary share for the financial year ended 31 December 2017. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Renewal of Share Buy-Back Mandate**

(a) That for the purposes of the Companies Act, Cap. 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the Shares (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market share buy-back, transacted on the SGX-ST or as the case may be, other stock exchange for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market share buy-back (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual (the "**Off-Market Share Buy-Back**")

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being as applicable, be and is hereby authorised and approved generally and unconditionally.

(the "**Share Buy-Back Mandate**")

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;

(ii) the date on which the purchases or acquisitions of the Shares by the Company pursuant to the proposed Share Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained by the proposed Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in general meeting;

(c) In this Resolution:

"**Prescribed Limit**" means the number of Shares representing 10% of the total issued share capital of the Company (excluding treasury shares) as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued share capital of the Company (excluding treasury shares) shall be taken to be the amount of the issued share capital of the Company as altered (excluding treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price;

(ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price,

where "**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days (the "**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Buy-Back or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

(d) the Directors and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary, desirable, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman and Chief Executive Officer
Singapore, 12 April 2018

Explanatory Notes:

(i) Mr Yee Kit Hong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and Member of the Remuneration and Nominating Committees. Mr Yee Kit Hong will be considered independent.

(ii) Mr M Rajaram will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and Member of the Audit and Remuneration Committees. Mr M Rajaram will be considered independent.

(iii) Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares) at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the earliest of (i) the date of which the next AGM of the Company or the date by which the next AGM of the Company is held or required by law to be held; (ii) the date on which the share buybacks are carried out to the full extent mandated, or (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Company in general meeting, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date of the AGM at which this Ordinary Resolution is passed. The rationale for, the authority and limitation on, the sources of the funds to be used for the purchase or acquisition, including the amount of financing and financial effects of the purchase or acquisition of the ordinary shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2017 are set out in greater detail in the Letter to Shareholders dated 12 April 2018 attached to this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the Annual General Meeting ("AGM"), provided that if the Member is a Depositor, the Company shall be entitled and bound:

   (a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at 72 hours before the time of the AGM as certified by The Central Depository (Pte) Limited ("CDP") to the Company; and

   (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 72 hours before the time of the AGM as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

   Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   A proxy need not be a Member of the Company.

2. An instrument appointing a proxy must be left at the registered office, 105 Cecil Street #24-01 The Octagon, Singapore 069534, not less than 48 hours before the time appointed for the holding of the AGM or adjourned meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration No. 200921345M)
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy Global Palm Resources Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____________________ (Name) NRIC/Passport No.* ____________

of ____________________ (Address)

being a member/members* of Global Palm Resources Holdings Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 27 April 2018 at 10.00 a.m. at Duke & Duchess Room, Level 2, Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her* discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors' Report and Audited Accounts for the financial year ended 31 December 2017		
2.	Re-election of Mr Yee Kit Hong as a Director		
3.	Re-election of Mr M Rajaram as a Director		
4.	Approval of Directors' fees amounting to S$185,000 for financial year ending 31 December 2018 to be paid quarterly in arrears		
5.	Re-appointment of Messrs BDO LLP as Auditors		
6.	First and final tax exempt (one-tier) dividend of S$0.01 per ordinary share for the financial year ended 31 December 2017		
7.	Authority to issue new shares		
8.	Renewal of Share Buy-Back Mandate		

Dated this ________ day of ____________________ 2018

Total number of shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's registered office address at 105 Cecil Street #24-01 The Octagon, Singapore 069534 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Global Palm resources

GLOBAL PALM RESOURCES HOLDINGS LIMITED

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