



# Benefiting people and the planet



ANNUAL REPORT **2018**



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## 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.

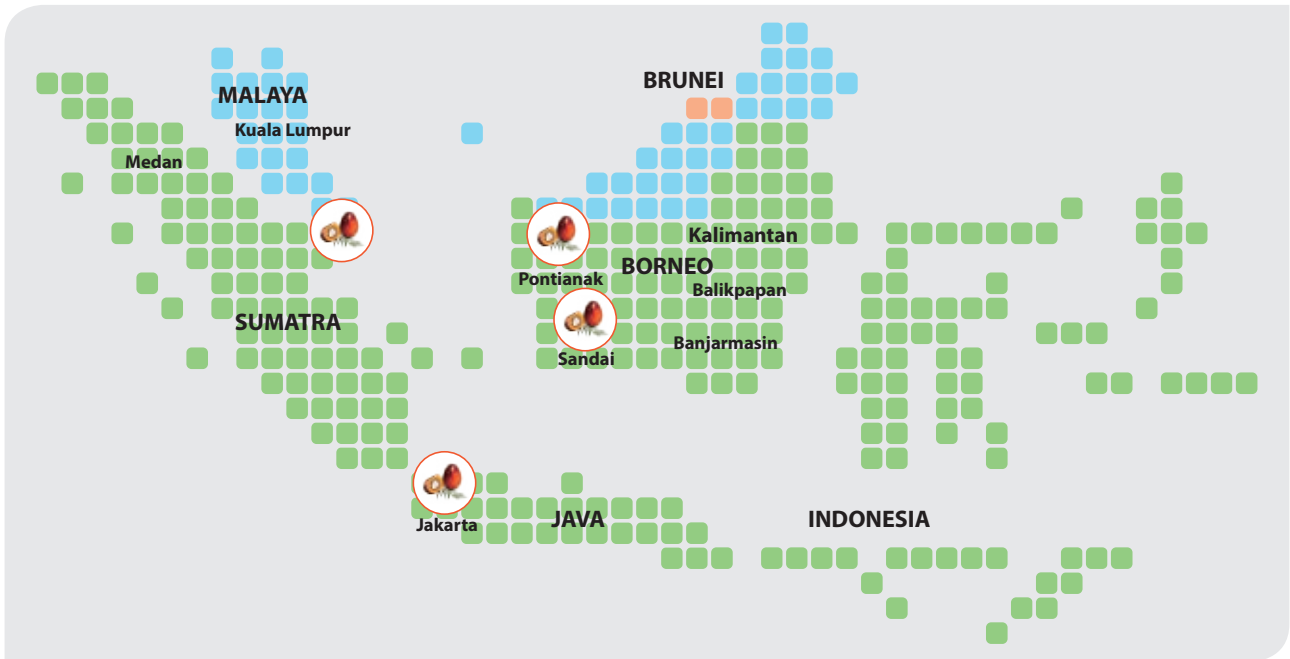
Though small in comparison to the generosity given to us, the role we aspire to play is just as critical. We are firmly committed to take what we have and manage it in an efficient, environmentally and socially responsible way. In the process, we aim to deliver long-term sustainable value to our investors 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 82.7% is under cultivation. As at 31 December 2018, approximately 83.1% of the Group’s oil palms are in mature production stage.

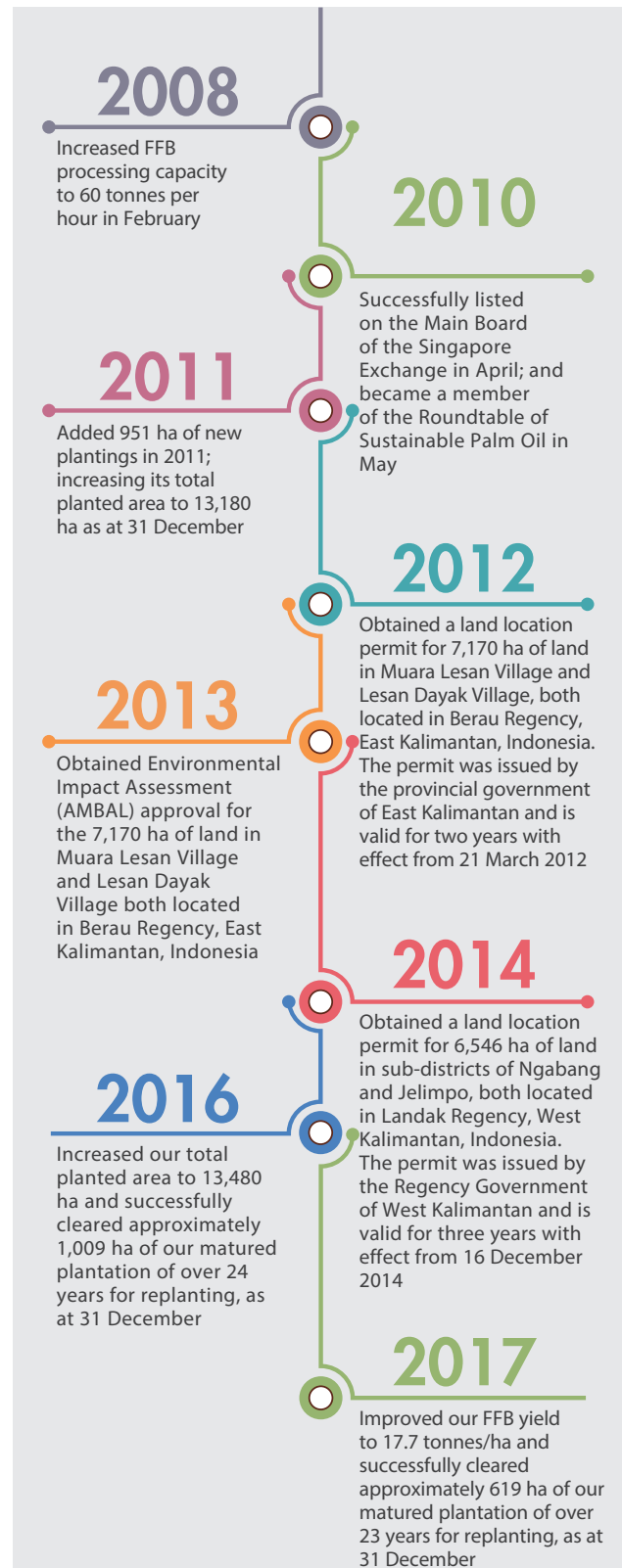
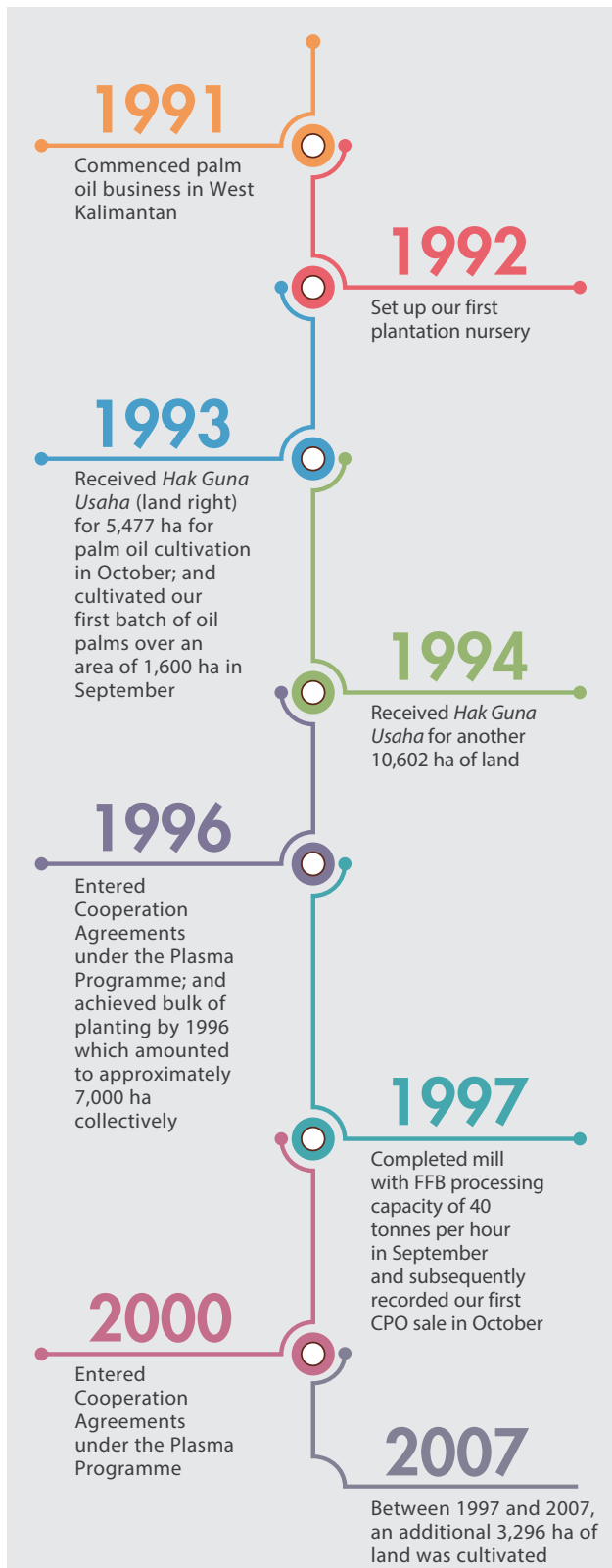
Sustainable development is an integral part of our business and it is embedded in the way we operate. We are dedicated to improving the living conditions as well as quality of life of the local communities around us, and also actively contributing in the areas of education, social, and cultural welfare.

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 2018

<p><b>West Kalimantan, Indonesia</b> Location of our plantation and mill, where the climatic conditions are highly suitable for oil palm cultivation</p>	<p><b>16,079 ha</b> Size of our plantation, 82.7% of which is under cultivation. We plan to increase our plantation size to 28,000 ha incrementally</p>	<p><b>83.1%</b> Percentage of our oil palms which are in mature production stage</p>
<p><b>16.6 tonnes/ha</b> Yield of our plantation, which is expected to increase to 26 tonnes/ha with our current replanting efforts</p>	<p><b>60 tonnes / hour</b> Processing capacity of our mill</p>	<p><b>21.7%</b> CPO extraction rate</p> <p><b>3.9%</b> Palm Kernel extraction rate</p>

# CORPORATE MILESTONES



# 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](http://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,

The entirety of FY2018 saw a downtrend in CPO prices due to a combination of market oversupply and logistical factors. From a monthly average price of RM 2,487 in January 2018, the price fell month on month until it hit a low of RM 1,795 in December 2018. We have continued our strategy of replanting during this low-price period. In FY2018, we have replanted an additional 751 ha of our existing planted area with improved seedlings. We are optimistic that our replanting efforts will give us higher yield per hectare when the new seedlings reach maturity. Our production continues to be strong despite the replanting, with 47,135 MT of CPO produced in FY 2018.

## FINANCIAL PERFORMANCE

The Group incurred a net loss attributable to shareholders of Rp7.4 billion (S\$0.7 million) for the financial year ended 31 December 2018 ("FY2018"), compared to a net profit attributable to shareholders of Rp42.7 billion (S\$4.2 million) for the financial year ended 31 December 2017 ("FY2017").

The Group's revenue for FY2018 decreased Rp121.7 billion (S\$11.5 million) or 26%, from Rp460.3 billion (S\$45.4 million) in FY2017 to Rp338.6 billion (S\$31.9 million) in FY2018, mainly due to the decrease in Crude Palm Oil ("CPO") sales revenue of Rp108.9 billion (S\$10.3 million) and decrease in Palm Kernel ("PK") sales revenue of Rp12.8 billion (S\$1.2 million). This was mainly due to decrease in CPO and PK sales volume and decrease in CPO and PK average selling prices.

Gross profit decreased Rp80.6 billion (S\$7.6 million) or 72%, from Rp111.3 billion (S\$11.0 million) in FY2017 to Rp30.7 billion (S\$2.9 million) in FY2018. Gross profit margin decreased to 9.1% in FY2018, compared to 24.2% in FY2017.

During FY2018, the Group's net cash used in operating activities was at Rp58.3 billion (S\$5.5 million) as compared with a net cash from operating activities of Rp89.0 billion (S\$8.8 million) in the previous year. The Group remains financially stable with cash resources amounting to Rp289.1 billion (S\$27.3 million) as at 31 December 2018.

## OUTLOOK AND STRATEGY

Since the beginning of 2019, prices of CPO have recovered slightly to around RM 2,200 per tonnes. In 2019, we will continue our replanting efforts in order to improve our productivity and yield over the long term. The Group has improved the efficiency and cost structure at the mill and estate levels through investments in technology and new machinery. We will also continue to seek appropriate areas to increase our land bank and planted hectares.



# MESSAGE FROM OUR CHAIRMAN AND CEO

## APPRECIATION

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.

### **Present directorships in other listed companies**

Nil

### **Directorships in other listed companies held over the preceding three years**

Nil



## 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.

### **Present directorships in other listed companies**

Nil

### **Directorships in other listed companies held over the preceding three years**

Nil

## BOARD OF DIRECTORS

### YEE KIT HONG

*Lead Independent Director*

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

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

#### **Present directorships in other listed companies**

- Acromec Limited
- Nam Cheong Ltd

#### **Directorships in other listed companies held over the preceding three years**

- KOP Limited
- Yinda Infocomm Ltd



### M. RAJARAM

*Independent Director*

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

#### **Present directorships in other listed companies**

- Hiap Seng Engineering Ltd

#### **Directorships in other listed companies held over the preceding three years**

Nil

### GUOK CHIN HUAT SAMUEL

*Independent Director*

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

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

#### **Present directorships in other listed companies**

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

#### **Directorships in other listed companies held over the preceding three years**

- Bukit Sembawang Estates Limited
- Datapulse Technology Limited



# EXECUTIVE OFFICERS





# EXECUTIVE OFFICERS

## GE LUIYANTO YAMIN

*Chief Financial Officer*

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

## LIM ARDI DHARMA

*Head of Project Development*

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

## BERLINO MAHENDRA

*Head of General Affairs*

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

## HENDRIK VIRGILIUS

*Head of Plantation Estate*

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

## WONG KIM POH

*Financial Controller of Plantation Division*

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



# SUSTAINABILITY REPORT



# SUSTAINABILITY REPORT

## 1. BOARD STATEMENT

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

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

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

## 2. ABOUT THE REPORT

This Sustainability Report seeks to communicate our ESG matters that are most material to us and our stakeholders. This report covers the ESG performance of our plantation, mill and administrative operations in Indonesia and Singapore from 1 January to 31 December 2018. It has been prepared in accordance with Global Reporting Initiative ("GRI") Standards – Core option, which is an internationally-recognised reporting framework that addresses a wide range of sustainability disclosures and encourages balanced reporting of organisations' material matters.

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

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

## 3. FOCUSING ON WHAT MATTERS MOST TO OUR STAKEHOLDERS

### 3A. STAKEHOLDER ENGAGEMENT

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

Table 1: Global Palm Resources' approach towards stakeholder engagement

Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Shareholders	<ul style="list-style-type: none"> <li>Global Palm Resources' financial health</li> <li>Global Palm Resources' industry reputation</li> <li>Global Palm Resources' transparency in reporting ESG matters</li> </ul>	<ul style="list-style-type: none"> <li>Respond to any queries through our dedicated Investor Relations team</li> <li>Provide timely and accurate information on website, Annual Report and Sustainability Report in a transparent manner</li> </ul>	<ul style="list-style-type: none"> <li>Financial briefings</li> <li>Announcements on SGX</li> <li>Newsletters and other electronic updates</li> <li>"Investor Relations" section in our website</li> <li>Annual Report</li> <li>Sustainability Report</li> </ul>	Quarterly and annually
Customers	<ul style="list-style-type: none"> <li>Product quality</li> <li>Sustainability certifications</li> </ul>	<ul style="list-style-type: none"> <li>Effective quality control management at mill</li> <li>Implementation of sustainability policies, with the aim of obtaining Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO") certifications</li> </ul>	<ul style="list-style-type: none"> <li>Periodic meetings</li> <li>Industry forums</li> <li>Focused group discussions</li> </ul>	Monthly

# SUSTAINABILITY REPORT

Stakeholder group	Stakeholders' expectations	Stakeholder management/ Response to stakeholder expectations	Engagement platforms	Frequency of engagement
Regulators	<ul style="list-style-type: none"> <li>Land rights</li> <li>Fire and haze prevention</li> <li>Employment opportunities</li> <li>Improvement in standards of living</li> </ul>	<ul style="list-style-type: none"> <li>Obtain local community's feedback and grievances through dialogues</li> <li>Plasma programme</li> <li>Construction of communal and religious facilities</li> <li>Granting of scholarships</li> <li>Preference for local hiring</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates and reporting</li> <li>On-site inspections</li> <li>Focus group discussions</li> </ul>	Monthly
Local Community	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Welfare for employees and family members living near the plantation</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Provide relevant trainings (safety and job specific)</li> <li>Provide deserving remuneration, welfare and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility ("CSR") programmes</li> <li>Grievance channel</li> <li>Dialogues with community groups</li> </ul>	On-going/ routine
Non-Governmental Organisations ("NGOs")	<ul style="list-style-type: none"> <li>Eradication of child and forced labour</li> <li>Fire and haze prevention</li> <li>Sustainability certifications (e.g. RSPO and ISPO)</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of sustainability policies, with the aim of obtaining sustainability certifications</li> <li>Participation in industry forums and other platforms to address any concerns that the NGOs may have</li> </ul>	<ul style="list-style-type: none"> <li>Industry forums</li> <li>Website</li> <li>Annual Report</li> <li>Sustainability Report</li> </ul>	Annually
Employees	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Welfare for employees and family members living near the plantation</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Provide relevant trainings (safety and job specific)</li> <li>Provide fair and appropriate remuneration, welfare and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Trainings</li> <li>Trade union meetings</li> <li>Whistleblowing/grievance channel</li> </ul>	On-going/ routine
Contractors and suppliers (including plasma farmers)	<ul style="list-style-type: none"> <li>Business opportunities</li> <li>Learning sustainable agricultural practices from Global Palm Resources</li> </ul>	<ul style="list-style-type: none"> <li>Conduct fair suppliers' screening process</li> <li>Provide sustainable agricultural management trainings to plasma farmers</li> </ul>	<ul style="list-style-type: none"> <li>Supplier screening</li> <li>Visits to suppliers' plantation</li> <li>Periodic meetings</li> </ul>	On-going/ routine

# SUSTAINABILITY REPORT

## 3B. MATERIALITY ASSESSMENT

It is important for us to determine our material ESG matters so as to focus on specific areas of stakeholders' interest. This would help to grow our business and align future sustainability efforts. To that end, we conducted a materiality assessment in 2018 through a three-step process as elaborated below.

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

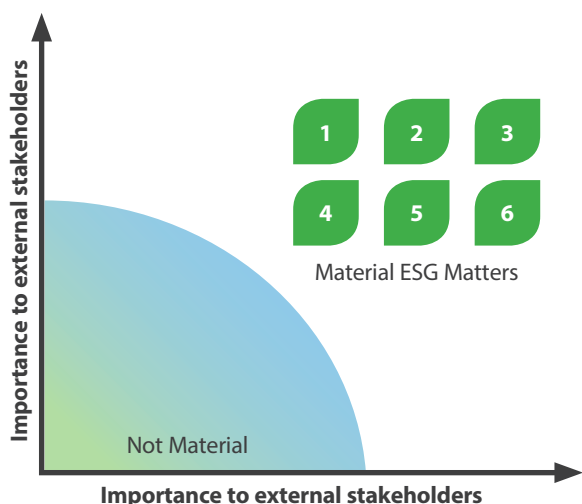




# SUSTAINABILITY REPORT

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

Figure 2: Global Palm Resources' materiality matrix

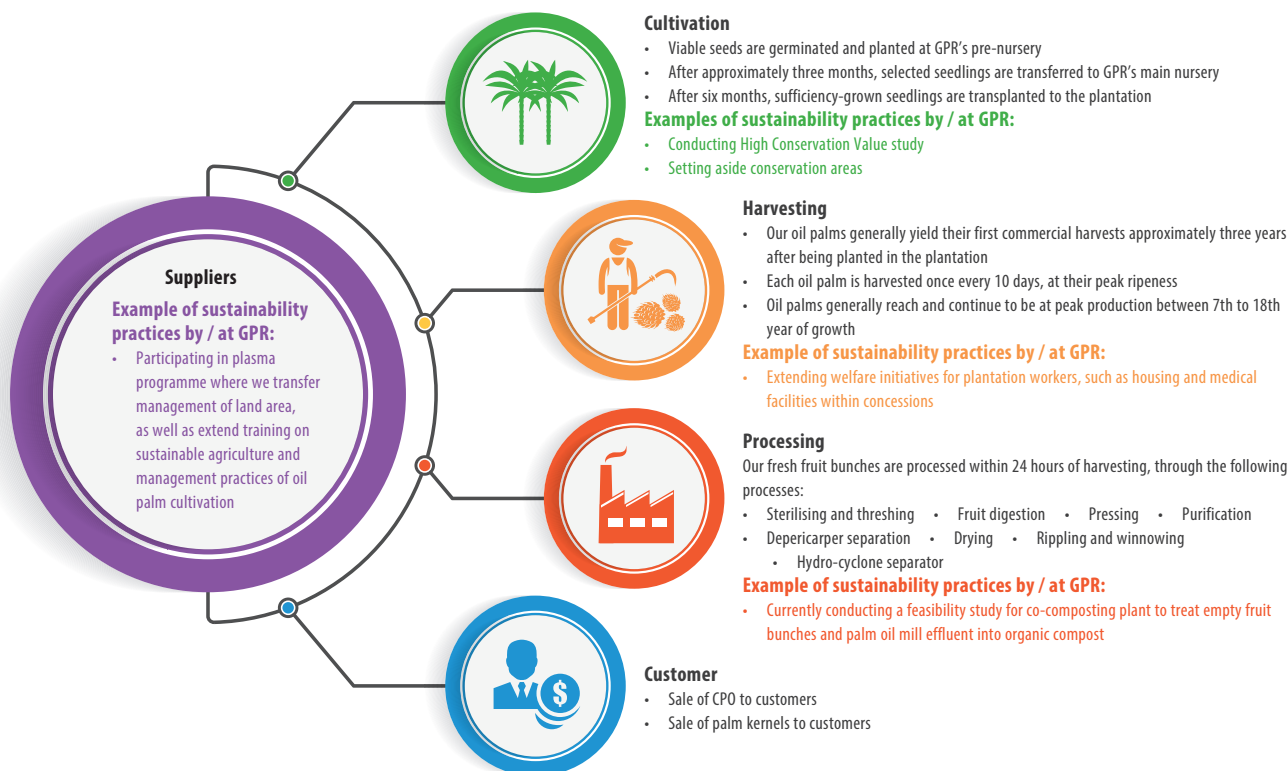


	Material ESG Matters	Topics under CRI Standards
1	Forced Labour and Child Labour	GRI 408: Child Labour
		GRI 409: Forced or compulsory labour
2	Relationship with Communities, Indigenous People and Plasma Farmers	GRI 411: Rights of indigenous people
		GRI 413: Local communities
3	Conservation	GRI 304: 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 Global Palm Resources, our drive and commitment towards sustainability is reflected in everything we do. Our corporate philosophy "To achieve maximum profitability without compromising our commitment to grow with our stakeholders, while leaving the planet better off than we found it" governs the way we conduct our business across the value chain.

Figure 3: Global Palm Resources' value chain



# SUSTAINABILITY REPORT

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

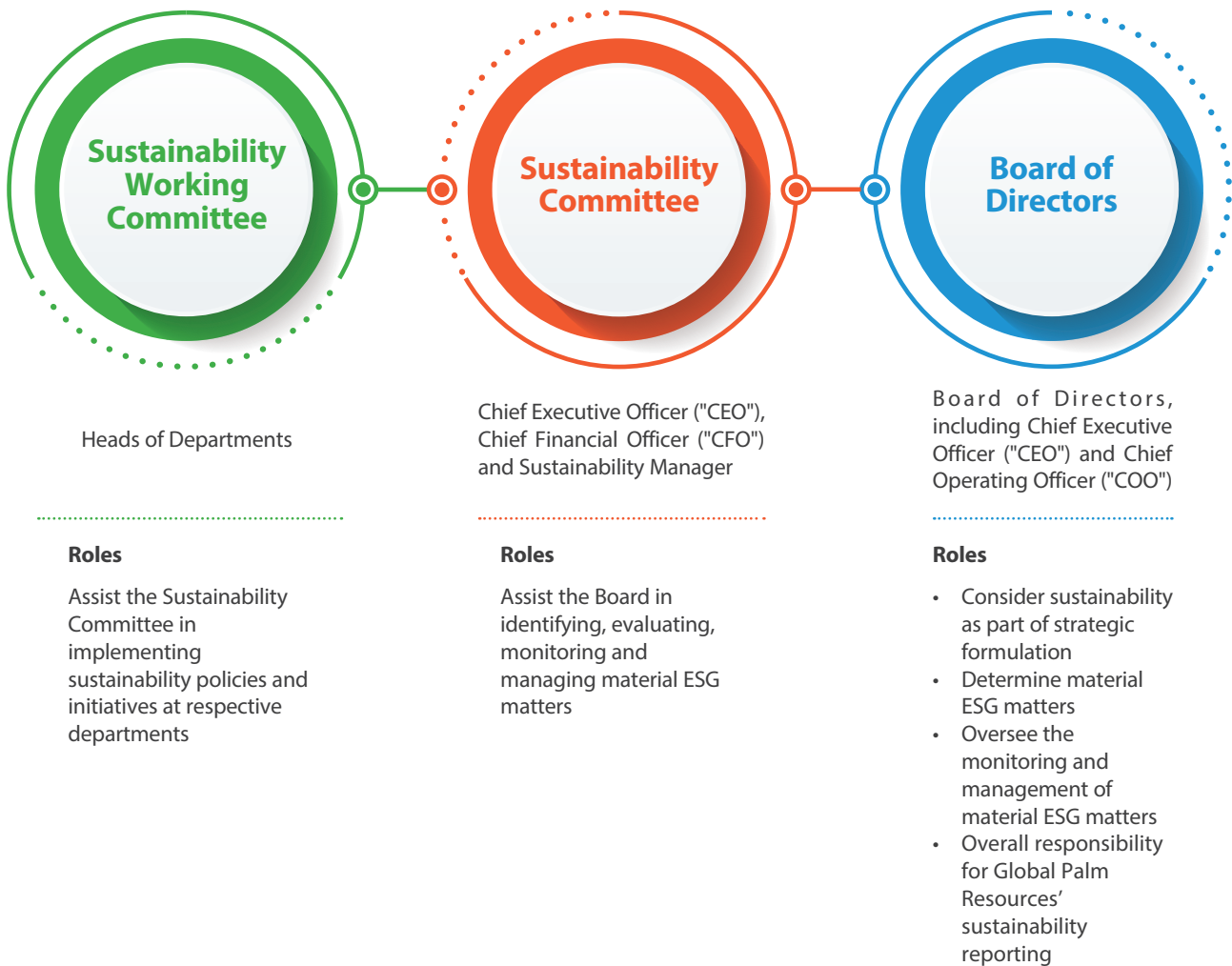
Material matters	Cultivation	Harvesting	Suppliers	Processing
Forced labour and child labour				
Relationship with communities, indigenous people and plasma farmers				
Conservation				
Waste management				
Fire and haze				
Succession planning				

### 3D. OVERVIEW OF SUSTAINABILITY MANAGEMENT AT GLOBAL PALM RESOURCES

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

# SUSTAINABILITY REPORT

Figure 5: Sustainability governance structure at Global Palm Resources



Recognising that sustainability development is an ongoing journey, we have set short-term, medium-term, and long-term strategies to achieve this. Currently, our strategic priority is to have our plantation and mill to be certified by RSPO and ISPO by 2020. These sustainability certifications will serve as a mark of our commitment to our stakeholders, while at the same time advocating responsible consumption to the public.

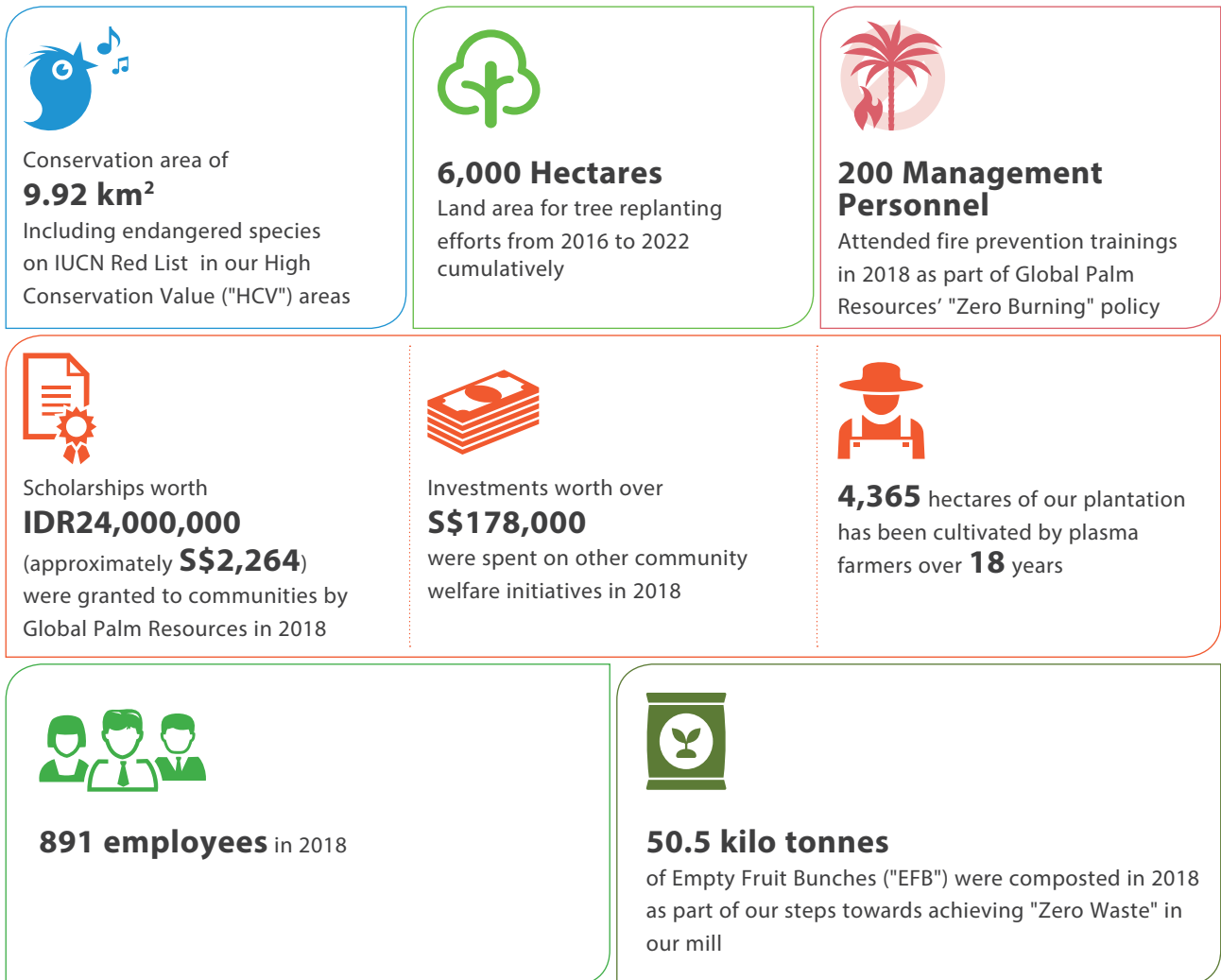
# SUSTAINABILITY REPORT

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

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

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

Figure 6: Snapshot of Global Palm Resources' sustainability performance





# SUSTAINABILITY REPORT

## 4. BENEFITING PEOPLE

### 4A. OUR EMPLOYEE AND WORKER DEMOGRAPHICS

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

We hire our employees based on their competencies and suitability for the job requirements. As the work in oil palm plantation and mill are highly labour-intensive, there are more male employees than female employees. These employees are mostly located in Indonesia, where our plantation and mill are located in. In 2018, only 4 out of our 891 employees were located in Singapore, while 4 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 2018, there were 21 new hires and 48 turnover.

Figure 7: Our employee demographics in 2017 and 2018 by employment contract and gender

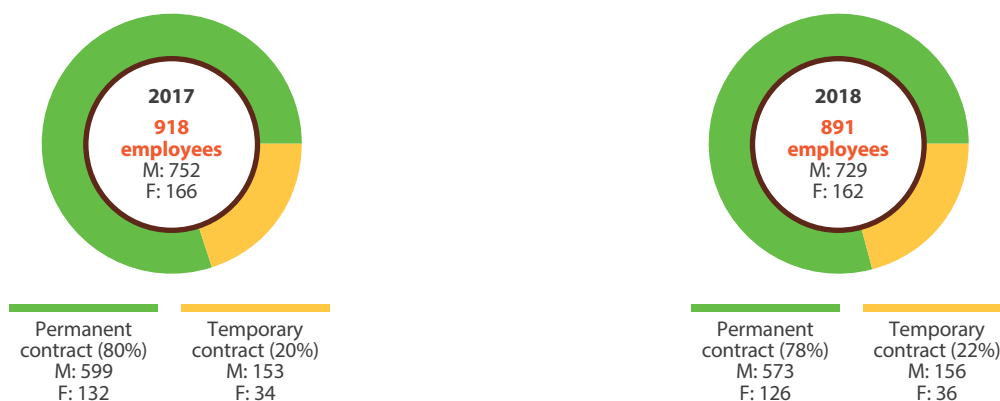


Figure 8: Our employee demographics in 2017 and 2018 by employment type and gender



# SUSTAINABILITY REPORT

Figure 9: Our employee demographics in 2017 and 2018 by age group and employment category

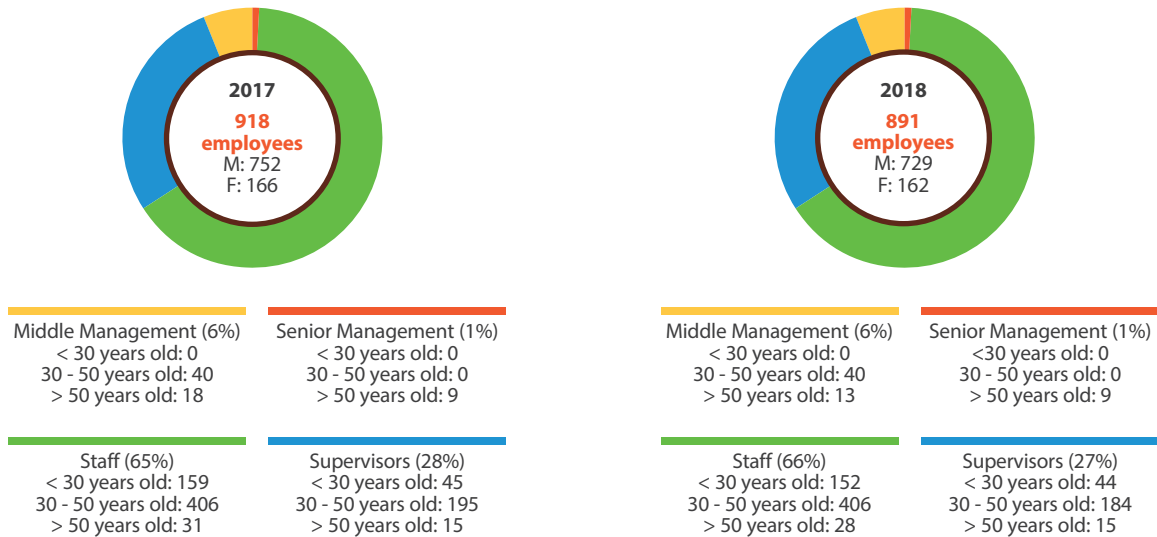
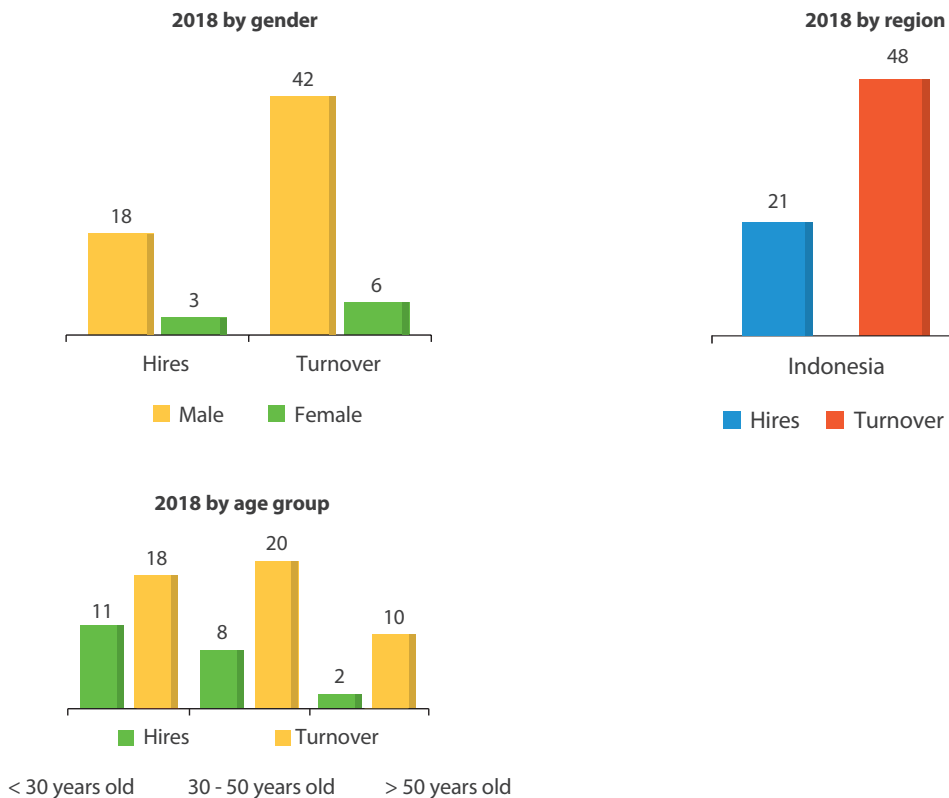


Figure 10: Our hires and turnover profile in 2018 by gender, age group and region



# SUSTAINABILITY REPORT

## 4B. FORCED LABOUR AND CHILD LABOUR

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

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

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

### Voices from the Ground:

#### How Global Palm Resources Improves the Standard of Living of Workers and Their Families



*"I have worked at PT Prakarsa Tani Sejati ("PT PTS")<sup>1</sup> 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)

<sup>1</sup> PT Prakarsa Tani Sejati is Global Palm Resources' operating subsidiary which oversees the plantation and mill in Indonesia

# SUSTAINABILITY REPORT

## Voices from the Ground:

### How Global Palm Resources 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 Global Palm Resources' 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 2018

**100%**

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

**80%**

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

**Zero**

Reported forced labour and child labour incidences

#### 4C. SUCCESSION PLANNING

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

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

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

We believe that growth and sustainability cannot be achieved by the exclusion of our affected stakeholders. Instead, we can only succeed by operating harmoniously alongside the communities, indigenous people and plasma farmers who live around us. We can do little on our own, but we can achieve so much more by forming mutually beneficial partnerships with them. This belief is rooted in our DNA, wherein it is our aim and purpose to respect our stakeholders' rights and grow with them. In 2018, there were zero incidents of violations involving rights of indigenous people. Being located in a developing region presents us with opportunities to improve the standard of living of the communities, indigenous people and plasma farmers around us.

# SUSTAINABILITY REPORT

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

## Plasma Programme

For the past 18 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 2018, 4,365 hectares of our plantation land has been cultivated by small holders under this programme. As part of this programme, we have transferred the management of this land area which we developed, and extended training on sustainable agricultural and management practices for oil palm cultivation.

## Community Development

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

- **Employment:** We give priority for locals during staff recruitment to work at our plantation and mill.
- **Education:** We provide kindergarten and primary school scholarships to our workers' children. A total of approximately IDR24,000,000 (approximately S\$2,264) worth of scholarships were granted in 2018.
- **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\$178,000 for these initiatives.

### Voices from the Ground: How Global Palm Resources 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)



# SUSTAINABILITY REPORT



## 5. BENEFITING THE PLANET

### 5A. CONSERVATION

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

Based on the most recent HCV study which we conducted in 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<sup>2</sup> 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 cumulatively 6,000 hectares of land by 2022.

# SUSTAINABILITY REPORT

## 5B. FIRE AND HAZE

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

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

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



### Drone / CCTV

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



### Patrol

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



### RSPO Reports

Satellite imagery and updates provided by RSPO.



### Fire Prevention Training

Trainings on fire prevention and emergency response. In 2018, 200 personnel attended this training.



### Maintenance of Water Pumps

Regular maintenance of water pumps for firefighting purposes.

# SUSTAINABILITY REPORT

In spite of our efforts to maintain zero cases of fires, we regret that there were seven cases of burning activities detected within our area of control in 2018, measuring less than one hectare of land area each. We take all incidences of fires seriously, notwithstanding the size of affected area. Upon investigation, we found that these burning activities were done by some individuals who live within and around our plantation. To prevent re-occurrences of such incidences and increase local community awareness of the danger, we have subsequently shared the seriousness of such burning activities, as well as impressed the value we attach to our "Zero Burning" policy to the respective individuals.

## 5C. WASTE MANAGEMENT

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

Figure 14: Global Palm Resources' approach towards managing waste

### Organic waste

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

### Inorganic waste

- All inorganic waste is stored in **orange** coloured bins.
- Subsequently, the inorganic waste is sent off to landfills or external parties for appropriate disposal.

### Hazardous waste

- All hazardous waste is sorted and stored in **red** coloured bins with clear labels for different waste categories: "Toxic", "Corrosive", "Explosive Liquid" and "Explosive Solid".
- Hazardous waste can only be stored at a temporary storage area for a maximum of 90 days before being disposed off by external contractors.
- All movements of hazardous waste are recorded for reporting to the Mill Manager.

# SUSTAINABILITY REPORT

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

Figure 15: Amount of waste oil disposed in 2017 and 2018

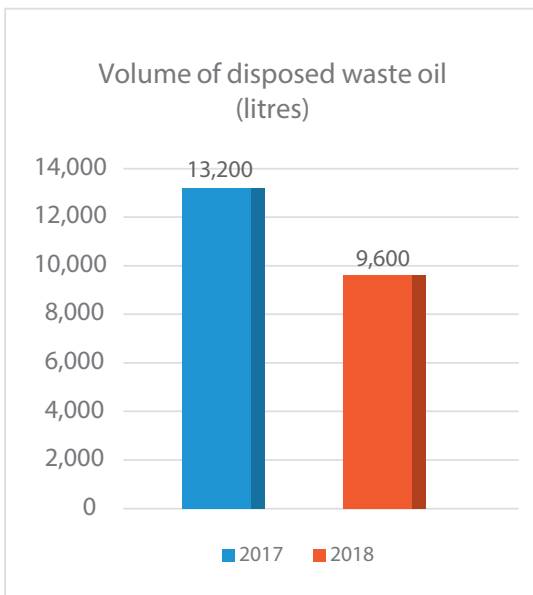
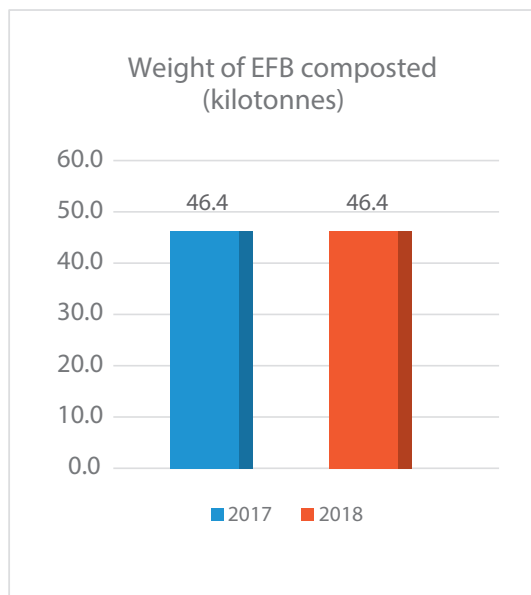


Figure 16: Weight of empty fruit bunches composted in 2017 and 2018



In 2018, we disposed off 9,600 litres of used oil from our mill compared to 13,200 litres in 2017. At the same time, we composted over 46 kilotonnes of EFB in 2017 and 2018. However, we are taking steps towards achieving zero waste in our mill. We are currently conducting a feasibility study for a co-composting plant which will treat our EFB and POME to produce organic compost fertilisers. This co-composting plant will serve the dual purpose of supplementing our fertilisers needs while at the same time avoiding carbon dioxide and methane gases emissions which would otherwise be emitted through our POME treatment.

# SUSTAINABILITY REPORT

## 6. GRI INDEX

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



# SUSTAINABILITY REPORT

GRI 102: General Disclosure		
Disclosure		Location in the report or reason for omission
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Chapter 2: About Global Palm Resources (page 12)
<b>Governance</b>		
102-18	Governance structure	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-19	Delegating authority	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-20	Executive-level responsibility for economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-29	Identifying and managing economic, environmental, and social impacts	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-31	Review of economic, environmental, and social topics	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
102-32	Highest governance body's role in sustainability reporting	Chapter 3D: Overview of Sustainability Management at Global Palm Resources (page 16)
<b>Stakeholder Engagement</b>		
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 in the report or reason for omission
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Notes to Financial Statements (Page 103)
102-46	Defining report content and topic boundaries	Chapter 3B: Materiality assessment (page 14) Chapter 3C: Sustainability in our Value Chain (page 15)
102-47	List of material topics	Chapter 3B: Materiality assessment (page 14)
102-48	Restatements of information	Not applicable.
102-49	Changes in reporting	Not applicable.
102-50	Reporting period	Chapter 2: About the report (page 12)
102-51	Date of most recent report	Not applicable.
102-52	Reporting cycle	Chapter 2: About the report (page 12)
102-53	Contact point for questions regarding the report	Chapter 2: About the report (page 12)
102-54	Claims of reporting in accordance with the GRI Standards	Chapter 2: About the report (page 12)
102-55	GRI content index	Chapter 6: GRI Index (page 28)
102-56	External assurance	Global Palm Resources has not sought external assurance for this report.

## Material matters

GRI Standard	Disclosure	Location or reason for omission
<b>Conservation</b>		
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
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
<b>Fire and Haze</b>		
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach

# SUSTAINABILITY REPORT

Material matters			
GRI Standard	Disclosure		Location or reason for omission
<b>Forced Labor and Child Labor</b>			
	103-1	Explanation of the material topic and its Boundary	Chapter 4B: Forced Labour and Child Labour (page 21)
GRI 103: Management Approach	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)
<b>Relationship with Communities, Indigenous People and Plasma Farmers</b>			
	103-1	Explanation of the material topic and its Boundary	Chapter 4D: Relationship with Communities, Indigenous People and Plasma Farmers (page 22)
GRI 103: Management Approach	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)
<b>Succession Planning</b>			
	103-1	Explanation of the material topic and its Boundary	Chapter 4C: Succession Planning (page 22)
GRI 103: Management Approach	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	
<b>Waste Management</b>			
	103-1	Explanation of the material topic and its Boundary	Chapter 5C: Waste Management (page 26)
GRI 103: Management Approach	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 26)





# OPERATIONAL HIGHLIGHTS

## PLANTATION STATISTICS (ha)

	FY2016	FY2017	FY2018
Total Planted Area	13,480	13,420	13,300
Mature	12,503	11,925	11,054
Immature	977	1,495	2,246
Nucleus Planted Area	9,126	9,056	8,935
Mature	8,149	7,561	6,689
Immature	977	1,495	2,246
Plasma Planted Area	4,354	4,364	4,365
Mature	4,354	4,364	4,365
Immature	0	0	0

## PRODUCTION OUTPUT (tonnes)

	FY2016	FY2017	FY2018
FFB Harvested from Nucleus	132,631	134,081	111,266
FFB Harvested from Plasma	76,580	89,670	95,267
FFB Processed	216,378	232,458	217,376
CPO Production	46,291	50,034	47,135
PK Production	7,754	8,172	8,526

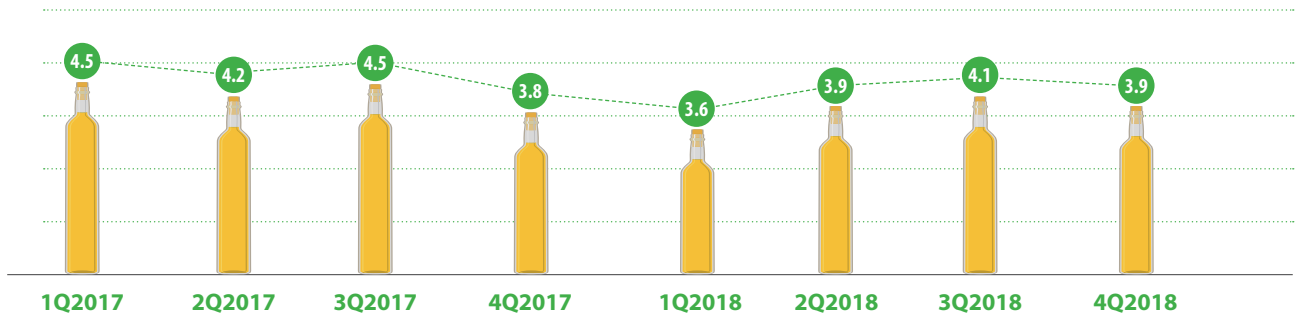




# OPERATIONAL HIGHLIGHTS

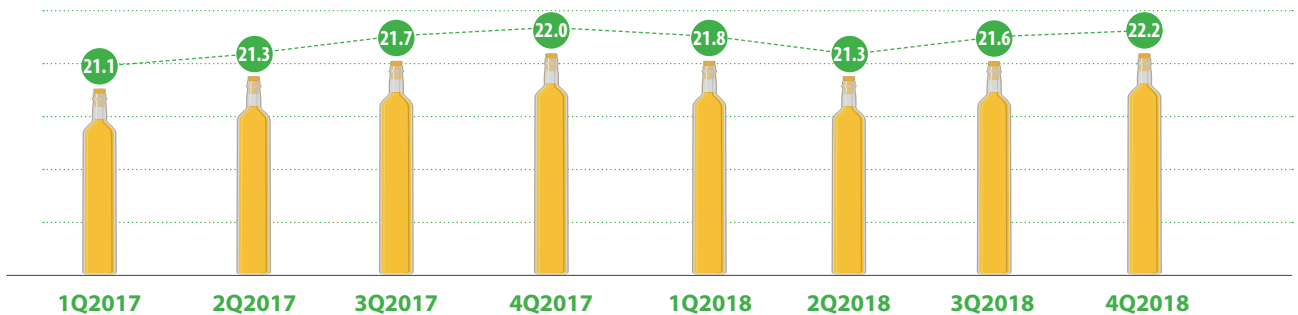
## FFB YIELD (tonnes/ha) – Nucleus

FY2018 – 16.6  
 FY2017 – 17.7



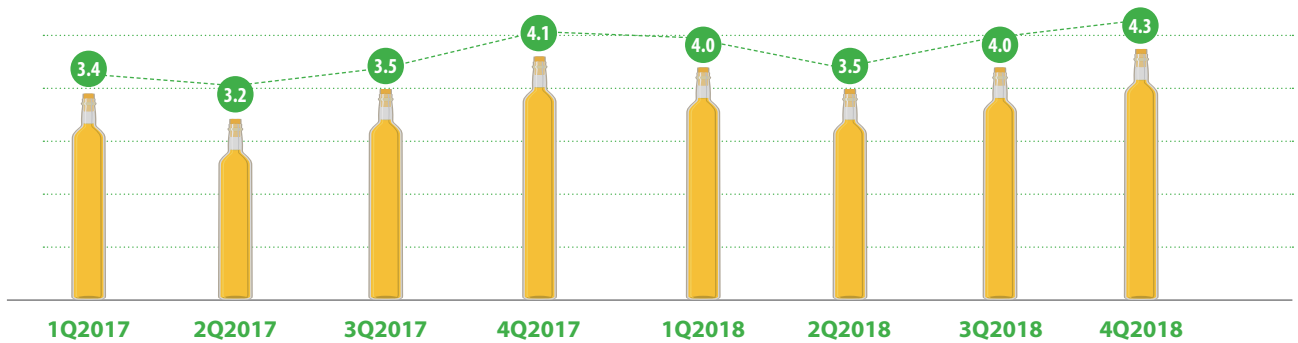
## CPO EXTRACTION RATE (%)

FY2018 – 21.7  
 FY2017 – 21.5



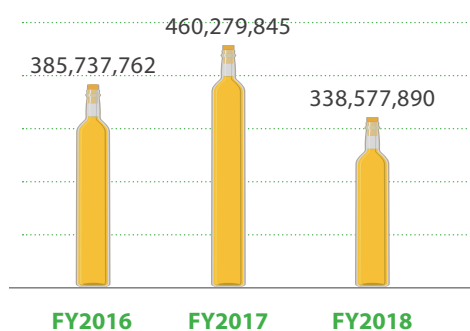
## PK EXTRACTION RATE (%)

FY2018 – 3.9  
 FY2017 – 3.5

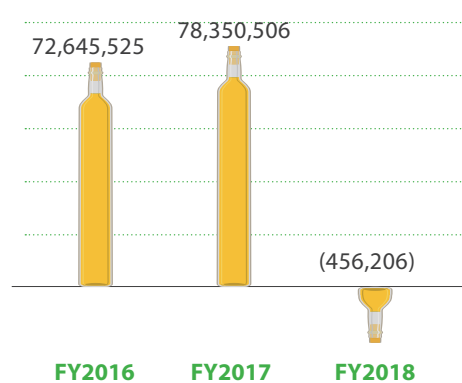


# FINANCIAL REVIEW

## REVENUE (RP'000)



## EBITDA (RP'000)



Rp '000	FY2016	FY2017	FY2018
Revenue	385,737,762	460,279,845	338,577,890
Gross profit	91,690,072	111,331,203	30,689,116
Gross profit margin (%)	23.8	24.2	9.1
Profit/(loss) before income tax	69,875,549	69,869,191	(4,462,848)
Profit/(loss) for the financial year	48,494,133	45,630,639	(7,509,599)
<b>Profit/(loss) attributable to:</b>			
Owners of the parent	46,423,255	42,686,592	(7,395,850)
Non-controlling interest	2,070,878	2,944,047	(113,749)
	48,494,133	45,630,639	(7,509,599)
<b>Earnings/(loss) per share</b>			
Basic and diluted	230	216	(38)
<b>EBITDA</b>	72,645,525	78,350,506	(456,206)



# FINANCIAL REVIEW

The conversion rates used in this annual report are S\$1:Rp10,603 for FY2018 and S\$1:Rp10,134 for FY2017.

## REVIEW OF THE GROUP'S PERFORMANCE

For the 12 months ended 31 December 2018 ("FY2018"), Global Palm Resources reported a 26% decrease in revenue to Rp338.6 billion (S\$31.9 million). This was mainly attributed by lower Crude Palm Oil ("CPO") and Palm Kernels ("PK") sales volume and average selling prices.

Gross profit decreased to Rp30.7 billion (S\$2.9 million) or 72% from Rp111.3 billion (S\$11.0 million) in the financial year ended 31 December 2017 ("FY2017"). Gross profit margin decreased to 9.1% in FY2018, compared to 24.2% in FY2017.

The Group incurred a net loss attributable to shareholders of Rp7.4 billion (S\$0.7 million) for FY2018, compared to a net profit attributable to shareholders of Rp42.7 billion (S\$4.2 million) for FY2017.

## ANNUAL SALES REVENUE BY PRODUCT

Rp '000	FY2016	FY2017	FY2018
CPO	344,768,609	415,092,504	306,151,110
Palm Kernel	40,969,153	45,187,341	32,426,780

## ANNUAL SALES VOLUME BY PRODUCT

Tonnes	FY2016	FY2017	FY2018
CPO	46,175	51,825	46,325
Palm Kernel	8,035	8,003	6,501

## ANNUAL AVERAGE SELLING PRICES BY PRODUCT

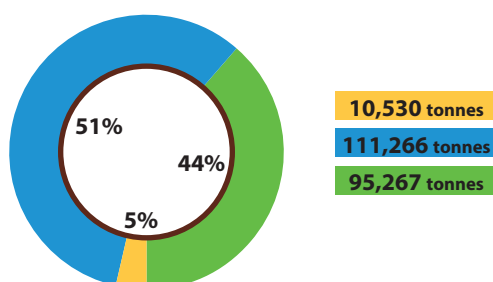
Rp/kg	FY2016	FY2017	FY2018
CPO	7,467	8,009	6,609
Palm Kernel	5,099	5,646	4,988



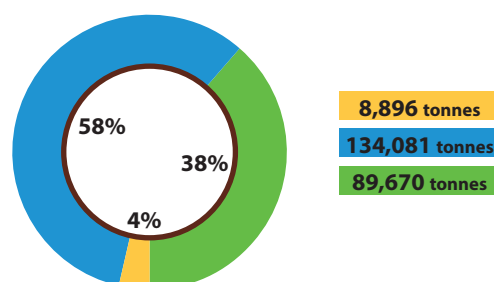
# FINANCIAL REVIEW

## BREAKDOWN OF FFB OUTPUT

FY2018: 217,063 tonnes



FY2017: 232,647 tonnes



■ TOTAL FFB PRODUCED (NUCLEUS)

■ TOTAL FFB PURCHASED FROM PLASMA

■ TOTAL FFB PURCHASED FROM 3<sup>RD</sup> PARTIES

## SEGMENT ANALYSIS

### Revenue

In FY2018, the Group's revenue from CPO decreased 26% from Rp415.1 billion (S\$41.0 million) in FY2017 to Rp306.2 billion (S\$28.9 million). The Group's revenue from PK decreased 28% from Rp45.2 billion (S\$4.5 million) in FY2017 to Rp32.4 billion (S\$3.1 million) in FY2018.

### Sales Volume

In FY2018, the Group sold 46,325 tonnes of CPO and 6,501 tonnes of PK compared to 51,825 tonnes of CPO and 8,003 tonnes of PK a year ago. This represented a 11% decrease in sales volume for CPO and a 19% decrease in sales volume for PK.

### Average Selling Price

The average selling price ("ASP") of CPO decreased 17% to Rp6,609/kg (S\$0.62/kg) while the ASP for PK decreased 12% to Rp4,988/kg (S\$0.47/kg) in FY2018.

### Production Statistics

Total tonnage of FFB processed decreased 15,082 tonnes or 6% from 232,458 tonnes in FY2017 to 217,376 tonnes in FY2018. Total FFB produced from Nucleus decreased 22,815 tonnes or 17% from 134,081 tonnes in FY2017 to 111,266 tonnes in FY2018.

Total FFB purchased from Plasma increased by 5,597 tonnes or 6% from 89,670 tonnes in FY2017 to 95,267 tonnes in FY2018. Total FFB purchased from 3rd parties increased by 1,634 tonnes or 18%, from 8,896 tonnes in FY2017 to 10,530 tonnes in FY2018. The annual FFB yield decreased 6% from 17.7 tonnes/ha in FY2017 to 16.6 tonnes/ha in FY2018.

### Productivity

The CPO extraction rate improved to 21.68% in FY2018 (FY2017: 21.52%) while PK extraction rate improved to 3.92% in FY2018 (FY2017: 3.52%).

# FINANCIAL REVIEW

## REVIEW OF THE GROUP'S FINANCIAL POSITION

Key Highlights (Rp' billion)	As at 31 December 2018	As at 31 December 2017	Change (%)
Total Assets	724.7	756.5	(4.2)
– Bearer plants	115.2	110.1	4.6
– Property, plant and equipment	134.8	133.5	1.0
– Plasma plantation receivables	59.5	64.2	(7.3)
– Biological assets	8.0	1.7	370.6
– Inventories	55.1	40.2	37.1
– Cash and cash equivalents	289.1	382.8	(24.5)
Total Liabilities	71.9	98.6	(27.1)
– Trade and other payables	30.8	38.6	(20.2)
– Provision for post-employment benefits	29.7	42.1	(29.5)
Total Equity	652.8	657.9	(0.8)

### NON-CURRENT ASSETS

Non-current assets for the Group increased by Rp5.9 billion or 2%, from Rp303.8 billion (S\$30.0 million) as at 31 December 2017 to Rp309.7 billion (S\$29.2 million) as at 31 December 2018. This was mainly due to the net increase in bearer plants of Rp5.1 billion, increase in property, plant and equipment of Rp1.4 billion, increase in deferred charges of Rp3.5 billion, offset by decrease of Rp3.3 billion from the credit extended to the Plasma farmers for the biological assets transferred.

### CURRENT ASSETS

Current assets for the Group decreased by Rp37.7 billion or 8%, from Rp452.8 billion (S\$44.7 million) as at 31 December 2017 to Rp415.0 billion (S\$39.1 million) as at 31 December 2018. This was mainly due to decrease in cash and cash equivalent of Rp93.8 billion from cash used in operating activities of Rp58.3 billion, cash used in investing activities of Rp26.0 billion and cash used in financing activities of Rp23.0 billion. This was offset by increase in inventories of Rp14.9 billion from lower sales in FY2018, increase in trade and other receivables of Rp18.8 billion, increase in income tax recoverable of Rp13.9 billion, increase in changes in fair value of biological assets of Rp6.3 billion and increase in prepayments of Rp2.2 billion mainly for land acquisition.

### CURRENT LIABILITIES

Current liabilities for the Group decreased by Rp18.9 billion or 37%, from Rp51.1 billion (S\$5.0 million) as at 31 December 2017 to Rp32.2 billion (S\$3.0 million) as

at 31 December 2018. This was mainly due to decrease in trade and other payables of Rp7.8 billion, decrease in current income tax payable of Rp6.8 billion and payment of dividend payable to non-controlling interest of Rp4.2 billion.

### NON-CURRENT LIABILITIES

Non-current liabilities for the Group decreased by Rp7.8 billion or 16% from Rp47.5 billion (S\$4.7 million) as at 31 December 2017 to Rp39.7 billion (S\$3.7 million) as at 31 December 2018, mainly due to decrease in provision for post-employment benefits of Rp12.4 billion and offset by increase in deferred tax liabilities of Rp4.6 billion.

### ACCUMULATED LOSSES

The accumulated losses of Rp141.0 billion (S\$13.3 million) was mainly contributed by the accumulated losses of Rp117.8 billion (S\$11.6 million) brought forward from FY2017, dividend paid to owners of the parent of Rp20.5 billion in FY2018, and total comprehensive loss attributable to owners of the parent of Rp2.7 billion in FY2018.

### FINANCIAL POSITION

The net asset value ("NAV") of the Group was Rp652.9 billion (S\$61.6 million) as at 31 December 2018. NAV/share decreased to Rp3,326/share (S\$0.31/share) as at 31 December 2018 from Rp3,349/share (S\$0.33/share) as at 31 December 2017.



# FINANCIAL REVIEW

## REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Key Highlights (Rp' billion)	FY2018	FY2017
Net cash (used in)/from operating activities	(58.3)	89.0
Net cash used in investing activities	(26.0)	(29.6)
Net cash used in financing activities	(23.1)	(69.1)
Cash and cash equivalents at the end of the year	289.1	382.8

Net cash used in operating activities of Rp58.3 billion (S\$5.5 million) in FY2018, compared to net cash generated from operating activities of Rp89.0 billion (S\$8.8 million) in FY2017, was mainly due to the decrease in operating profit in FY2018.

Net cash used in investing activities of Rp26.0 billion (S\$2.5 million) in FY2018 was mainly due to capital expenditure on bearer plants of Rp13.5 billion and purchases of property, plant and equipment of Rp13.7 billion in FY2018.

Net cash used in financing activities of Rp23.1 billion (S\$2.2 million) in FY2018 mainly due to dividend paid to owners of the parent of Rp20.5 billion, dividend paid to non-controlling interest of Rp4.2 billion, and buyback of Rp0.6 billion of the Company's shares to be held as treasury shares, offset by capital injection from non-controlling interest of subsidiary of Rp2.5 billion.

Overall, the Group's cash position remained healthy with an accumulation of cash resources of Rp289.1 billion (S\$27.3 million) as at 31 December 2018.





# 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”) and the Audit Committee (“AC”) and Risk Committee. Each Board Committee has its own terms of reference.

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

# CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held and attended by each Board member for the financial year ended 31 December 2018 is set out as follows:

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

\* By invitation.

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

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

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

- Approval of corporate strategies;
- Approval of material acquisitions and disposals of assets\*;
- Approval of any major borrowing and corporate guarantees in relation to borrowings\*;
- Approval of issuance of shares and declaration of dividends\*;
- Approval of the annual report and audited financial statements;
- Convening of general meetings;
- Approval of the Group's 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 Nominating Committee in accordance with the Code's definition of independence. Each Independent Director is required to complete a 'Confirmation of Independence' to confirm his independence. The said confirmation, which was drawn up based on the definitions and guidelines set forth in 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. Individual directors' profiles are shown in the "Board of Directors" section of this Annual Report as set on pages 7 to 8.

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

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

# CORPORATE GOVERNANCE REPORT

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

The Board 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.

## 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.



# CORPORATE GOVERNANCE REPORT

## 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.

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

Dr Tan Hong Kiat @ Suparno Adijanto and Mr Guok Chin Huat Samuel will be retiring at the forthcoming annual general meeting to be held on 30 April 2019 ("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 Dr Tan Hong Kiat @ Suparno Adijanto and Mr Guok Chin Huat Samuel will be offering themselves for re-election.

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	27 April 2018	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	27 April 2018	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 Director 3. RE&S Holdings Limited as Independent Director	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 Remuneration Committee ("RC") comprises 3 Independent Directors, namely:

Guok Chin Huat Samuel (Chairman)

Yee Kit Hong

M. Rajaram

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

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

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 2018. The RC will ensure that existing relationships, if any, between the Company and such professional advisers, should they be appointed, will not affect the independence and objectivity of the professional advisers.

### Level and Mix of Remuneration

*Principle 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.

# CORPORATE GOVERNANCE REPORT

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 Adjanto 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 2018 is set out below:

Remuneration Band	Number of Directors	Number of Directors
	2018	2017
S\$250,000 to below S\$500,000	1	1
Below S\$150,000	4	4

Directors	Fees S\$'000	Salary/ Allowance S\$'000	Bonus/Benefit S\$'000	Total S\$'000
Dr Tan Hong Kiat @ Suparno Adjanto	–	338	106	444
Ivan Swandono	–	107	29	136
Yee Kit Hong	65	–	–	65
M. Rajaram	60	–	–	60
Guok Chin Huat Samuel	60	–	–	60

## Notes:

- The remuneration of Dr Tan Hong Kiat @ Suparno Adjanto 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 Adjanto and Ivan Swandono are converted based on the exchange rate of S\$1: Rp10,603 for FY2018 for the purpose of this report.
- Ivan Swandono is the nephew of Dr Tan Hong Kiat @ Suparno Adjanto, the Executive Chairman and CEO, and the son of Tan Hong Swan @ Tan Hong Whan @ Swandono Adjanto (Dr Tan Hong Kiat @ Suparno Adjanto's brother).

# CORPORATE GOVERNANCE REPORT

## Remuneration of Top Five Key Executives

The remuneration of the top five key management personnel for the financial year ended 31 December 2018 are as follows:-

Remuneration Band	Number of Executives FY2018	Number of Executives FY2017
Below S\$250,000*	5	5

Name of Executives	Fees %	Salary/ Allowance %	Bonus/Benefit %	Total %
<b>Below S\$250,000</b>				
Ge Luyanto Yamin*	-	78	22	100
Lim Ardi Dharma*	-	81	19	100
Berlino Mahendra*	-	81	19	100
Hendrik Virgilius*	-	93	7	100
Wong Kim Poh*	-	79	21	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 2018 is S\$431,306\*.

### Notes:

- The remuneration of Ge Luyanto 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 Luyanto Yamin, Lim Ardi Dharma, Berlino Mahendra, Hendrik Virgilius and Wong Kim Poh are converted based on the exchange rate of S\$1: Rp10,603 for FY2018 for the purpose of this report.

## Remuneration of Immediate Family Members of CEO and Executive Directors

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

Remuneration Band/Name of employees	Fees %	Salary/ Allowance %	Bonus/Benefit %	Total %
<b>Below S\$50,000</b>				
Tan Hung Hwie @ Winoto Adijanto	-	-	-	-
Tan Hong Pheng @ Pintarso Adijanto	-	89	11	100
Tan Ying Mei	-	94	6	100
<b>S\$100,001 to S\$150,000</b>				
Tan Hong Swan @ Tan Hong Whan @ Swandono Adijanto	-	90	10	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: Rp10,603 for FY2018 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).



# CORPORATE GOVERNANCE REPORT

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.

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.

# CORPORATE GOVERNANCE REPORT

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 2018 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 Audit Committee ("AC") comprises 3 Independent Directors, namely:

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

- (c) review the scope and results of the internal audit procedures;
- (d) consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation or dismissal of the auditors;
- (e) review the cooperation given by the officers to external and internal auditors;
- (f) review and approve any Interested Person Transactions, Related Person Transactions and/or potential conflicts of interest;
- (g) monitor the undertakings described in the section entitled "Interested Person Transactions and Conflicts of Interest", if any;
- (h) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (i) generally undertake such other functions and duties as may be required by law or the Listing Manual, or by such amendments as may be made thereto from time to time.

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

The AC has undertaken a review of the independence and objectivity of the external auditors. The AC has also undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the AC's opinion, affect their independence. The Company has paid the following aggregate amount of fees to Messrs BDO LLP, the external auditors, for the financial year ended 31 December 2018:-

<b>Services</b>	<b>Rp'000</b>
Audit Fees	873,201
Non-audit Fees	—
<b>Total</b>	<b>873,201</b>

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 2018.

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 2018.

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:

# CORPORATE GOVERNANCE REPORT

- (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 2018 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 2018, 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.

## 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.

# CORPORATE GOVERNANCE REPORT

## 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;
- (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 voluntarily practices sustainability reporting on an annual basis as contained in its Annual Report so as to provide stakeholders with an additional dimension beyond financial performance of the Group.

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

# CORPORATE GOVERNANCE REPORT

## 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

The Board of Directors ("Board") of Global Palm Resources Holdings Limited ("Company"), together with its subsidiaries, (the "Group") on 12 December 2018 announced that Global Palm Resources Private Limited ("GPRPL"), a wholly-owned subsidiary of the Company had on 12 December 2018 entered into the following agreements:-

- (a) a conditional sale and purchase agreement ("PT BRU CSPA") with PT Bumiraya Utama ("PT BRU") to acquire 5,616,350 ordinary shares ("PT BRU Sale Shares"), representing approximately 94.98% of the issued and paid-up share capital of PT Bumi Raya Agro ("Target Company") at a purchase consideration of Rp23,614,220,451 ("PT BRU Consideration"); and
- (b) a conditional sale and purchase agreement ("SA CSPA") with Mr Swandono Adijanto ("Mr Swandono") to acquire 1,000 ordinary shares ("SA Sale Share"), representing approximately 0.02% of the issued and paid-up share capital of the Target Company at a purchase consideration of Rp4,204,549.

Mr Swandono is a sibling of the Company's Executive Chairman and CEO, Dr Suparno Adijanto and parent of the Company's Executive Director and Chief Operating Officer, Mr Ivan Swandono. PT BRU is a company which is controlled by the Adijanto siblings. Accordingly, both Mr Swandono and PT BRU are "interested persons" for the purposes of Chapter 9 of the SGX Listing Manual and the Proposed Acquisition constitutes an "Interested Person Transaction" under Chapter 9 of the SGX Listing Manual.

Save as disclosed in the announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company).



# 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 2018 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	802	NIL
PT Cemar Lestari	NIL	NIL
PT Bumiraya Utama	24,391	NIL

## UPDATE OF THE UTILISATION OF THE INITIAL PUBLIC OFFERING (“IPO”) PROCEEDS OF S\$50.6 MILLION

As at 28 February 2019, 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 <sup>(1)</sup>	2.27
Acquisition of other oil palm plantations and land banks	15.00	3.12 <sup>(2)</sup>	11.88 <sup>(3)</sup>
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	–
<b>Total</b>	<b>50.60</b>	<b>35.94</b>	<b>14.66</b>

### Notes:–

- (1) Out of the S\$13.34 million utilised for the development of existing uncultivated land banks into oil palm plantations, approximately S\$11.12 million were used for land clearing and new planting purposes.
- (2) The S\$3.12 million utilised for the acquisition of other oil palm plantations and land banks includes deposit of S\$1.7 million paid for the acquisition of PT Bumi Raya Agro, 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 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 Cemar, 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 Cemar as well as approvals required by the Indonesian authorities.

# CORPORATE GOVERNANCE REPORT

As at 28 February 2019, 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
<b>Total</b>	<b>8.50</b>	<b>1.00</b>	<b>9.50</b>

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

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

# DIRECTORS' STATEMENT

The Directors of Global Palm Resources Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") and the statement of changes in equity of the Company for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

## 1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 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.

# DIRECTORS' STATEMENT

## 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

Ultimate holding company	Shareholdings registered in name of Director	
	Balance as at 1.1.2018	Balance as at 31.12.2018
	Number of ordinary shares of US\$1 each	
<i>GPR Investment Holdings Limited</i>		
Tan Hong Kiat @ Suparno Adijanto	2,856	2,856

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 January 2019 in the shares of the Company have not changed from those disclosed as at 31 December 2018.

## 5. SHARE OPTIONS

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

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

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

## 6. AUDIT COMMITTEE

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

- (a) the external auditor's proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope;
- (b) the independence of the external auditor, including reviewing the range of services provided in the context of all non-audit services provided to the Company, seeking to balance maintenance of objectivity and value for money;
- (c) the audit plans and results of the internal auditors examination and evaluation of the Group's systems of internal controls;
- (d) the Group's financial and operating results and accounting policies;

# DIRECTORS' STATEMENT

## 6. AUDIT COMMITTEE (CONTINUED)

- (e) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (f) the quarterly, half yearly and full year financial announcements, as well as the related press releases of the Company and the Group;
- (g) the co-operation and assistance given by the management to the Company's external and internal auditors; and
- (h) the re-appointment of the external and internal auditors of the Company.

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

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

## 7. INDEPENDENT AUDITOR

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

On behalf of the Board of Directors

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**Tan Hong Kiat @ Suparno Adijanto**

Director

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**Ivan Swandono**

Director

29 March 2019

# 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 59 to 142, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

### Basis for Opinion

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



# INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Key Audit Matters

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

#### KEY AUDIT MATTER

#### AUDIT RESPONSE

##### 1 Classification and impairment of Plasma plantation receivables

Plasma plantation receivables comprise amounts due from cooperatives representing Plasma farmers for the Group's hand-over of Plasma plantations in accordance to the Plasma programme. The amounts will be repaid through certain percentage of the amounts withheld by the Group on the related future purchases of fresh fruit bunches ("FFB") from the Plasma farmers.

As at 31 December 2018, the carrying amount of the Plasma plantation receivables amounted to approximately Rp59.5 billion and accounted for 8.2% of the Group's total assets.

The Group has applied the general approach to measure the loss allowance using Expected Credit Loss ("ECL") model under SFRS(I) 9 Financial Instruments.

As at 31 December 2018, management determined that there is a significant increase in credit risk since initial recognition and measured the lifetime ECL by determining the present value of the estimated future cash flows based on evaluation of expected credit loss scenarios. A loss allowance on Plasma plantations receivables of Rp2.0 billion was recognised.

Management also determined that Plasma plantation receivables of Rp10.0 billion will be realised within the next financial year and classified as current receivables. The remaining balance of Rp49.5 billion was estimated to be repaid by 2037.

The classification and impairment assessment of Plasma plantation receivables were of most significance in our audit due to the significant judgement and estimates involved in evaluating the expected credit loss scenarios and the key assumptions made in deriving the expected future cash flows. These key assumptions include the FFB production yield of the Plasma plantations handed-over to the Plasma farmers, FFB selling price growth rate and discount rate.

Refer to Notes 2.9, 3.2(ii), and 15 of the accompanying financial statements.

We performed the following audit procedures, amongst others:

We evaluated management's assessment on whether there is a significant increase in credit risk of the Plasma plantation receivables.

We held discussions with management to understand the basis of expected credit loss scenarios and estimation of related future purchases of FFB from the Plasma farmers and other key assumptions made.

We assessed the reasonableness of the expected credit loss scenarios determined by management and evaluated the appropriateness of the inputs used in estimating the expected estimated future cash flows to be derived from those expected credit loss scenarios.

We performed retrospective assessment of management's estimation of the related purchases of FFB from the Plasma farmers determined in the previous financial year against the actual related purchases of FFB during the current financial year.

We evaluated the reasonableness of the other key assumptions made in deriving the expected future cash flows such as the FFB production yield of the handed-over Plasma plantations, FFB selling price growth rate and discount rate, including performing retrospective assessment and sensitivity analysis.

We assessed the adequacy of the related disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### KEY AUDIT MATTER

### AUDIT RESPONSE

#### 2 Valuation of biological assets (FFB)

Biological assets, which represent FFB growing on mature oil palm trees, are stated at fair value less estimated point-of-sale costs. Gains or losses from changes in fair value less estimated point-of-sale costs of biological assets are included in the profit or loss in the financial year in which they arise.

During the current financial year, the Group recognised gain from changes in fair value less estimated point-of-sale costs of biological assets of Rp6.3 billion in the profit or loss. The Group's biological assets amounted to approximately Rp8.0 billion as at 31 December 2018.

The fair value of biological assets is determined by an independent valuer, with certain input data provided by management, using the income approach method.

The valuation of biological assets was of significance in our audit due to the significant judgement involved in determining the underlying significant assumptions made in the calculation of the fair value of the biological assets. These assumptions include the FFB production yield, market selling price of FFB, discount rate and transportation, maintenance and harvesting costs.

We performed the following audit procedures, amongst others:

We assessed the professional competency, capabilities and the objectivity of the independent valuer.

We read the valuation report and discussed with the independent valuer and the management on the significant assumptions made.

With the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation approach used and reasonableness of the significant assumptions made by the independent valuer by:

- checking the input data provided by management to the independent valuer to estimate the FFB production yield and comparing these data to the relevant supporting documents such as daily harvesting/production records;
- tracing the market selling price of FFB used in the valuation to the price published by the plantation authority of West Kalimantan Province;
- evaluating the reasonableness and performing sensitivity analysis on the discount rate used; and
- performing reasonableness tests, including checking the relevant supporting documents, on the transportation and harvesting costs.

We also assessed the adequacy of the disclosures in the financial statements relating to fair value measurement of biological assets.

Refer to Notes 2.7, 3.2(iii), 19 and 35 of the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Other Information

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

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

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

### Responsibilities of Management and Directors for the Financial Statements

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

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

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Global Palm Resources Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

#### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
29 March 2019

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group	
		2018 Rp'000	2017 Rp'000
Revenue	4	338,577,890	460,279,845
Cost of sales	5	(307,888,774)	(348,948,642)
Gross profit		30,689,116	111,331,203
<i>Other items of income/(expense)</i>			
Interest income	6	10,368,651	13,855,202
Changes in fair value less estimated point-of-sale costs of biological assets	19	6,305,403	(683,723)
Other income	7	3,418,810	10,712,801
Distribution expenses		(565,565)	(833,120)
Administrative expenses		(50,727,468)	(46,580,014)
Loss allowance on Plasma plantation receivables		(2,017,703)	-
Finance cost	8	(7,038)	(22,987)
Other expenses		(1,927,054)	(17,910,171)
<b>(Loss)/Profit before income tax</b>	9	<b>(4,462,848)</b>	69,869,191
Income tax expense	10	(3,046,751)	(24,238,552)
<b>(Loss)/Profit for the financial year</b>		<b>(7,509,599)</b>	45,630,639
<b>Other comprehensive income:</b>			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Remeasurement of post-employment benefits	26	6,609,096	(5,601,492)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	10	(1,652,274)	1,400,373
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences		16,129,078	31,002,498
<b>Other comprehensive income for the financial year, net of tax</b>		<b>21,085,900</b>	26,801,379
<b>Total comprehensive income for the financial year</b>		<b>13,576,301</b>	72,432,018
<b>(Loss)/Profit attributable to:</b>			
Owners of the parent		(7,395,850)	42,686,592
Non-controlling interest		(113,749)	2,944,047
		<b>(7,509,599)</b>	45,630,639
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		13,442,209	69,698,026
Non-controlling interest		134,092	2,733,992
		<b>13,576,301</b>	72,432,018
		<b>Rp</b>	<b>Rp</b>
<b>(Loss)/Earnings per share</b>			
-Basic and diluted	11	(38)	216

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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31 December 2018 Rp'000	Group 31 December 2017 Rp'000	1 January 2017 Rp'000
<b>Non-current assets</b>				
Bearer plants	12	115,155,542	110,076,428	109,105,613
Property, plant and equipment	13	134,815,574	133,449,817	129,735,933
Plasma plantation receivables	15	49,508,501	52,839,932	52,456,380
Operating use rights	16	503,912	547,223	606,081
Club memberships	17	–	658,679	604,430
Deferred charges	18	9,713,818	6,194,318	5,882,977
		<b>309,697,347</b>	<b>303,766,397</b>	<b>298,391,414</b>
<b>Current assets</b>				
Biological assets	19	7,995,100	1,689,697	2,373,420
Inventories	20	55,091,239	40,215,065	48,808,518
Trade and other receivables	21	42,455,294	23,690,286	26,647,493
Current income tax recoverable		15,816,533	1,965,452	14,387,248
Prepayments		2,856,978	630,916	459,954
Financial assets at fair value through profit or loss	22	1,738,022	1,729,290	189,000
Cash and cash equivalents	23	289,091,103	382,844,694	372,943,082
		<b>415,044,269</b>	<b>452,765,400</b>	<b>465,808,715</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	24	30,782,695	38,550,237	58,325,862
Dividend payable to non-controlling interest		147,500	4,377,500	2,847,500
Finance lease payable	25	25,093	169,154	64,544
Current income tax payable		1,254,760	8,013,464	3,753,622
		<b>32,210,048</b>	<b>51,110,355</b>	<b>64,991,528</b>
<b>Net current assets</b>				
		<b>382,834,221</b>	<b>401,655,045</b>	<b>400,817,187</b>
Less:				
<b>Non-current liabilities</b>				
Finance lease payable	25	–	25,093	95,891
Provision for post-employment benefits	26	29,657,159	42,067,917	39,669,527
Deferred tax liabilities	27	10,005,253	5,386,206	3,448,278
		<b>39,662,412</b>	<b>47,479,216</b>	<b>43,213,696</b>
<b>Net assets</b>				
		<b>652,869,156</b>	<b>657,942,226</b>	<b>655,994,905</b>
<b>Capital and reserves</b>				
Share capital	28	647,867,864	648,501,310	660,381,631
Foreign currency translation reserve	29	128,601,191	112,472,113	81,469,615
Accumulated losses		(140,999,839)	(117,797,045)	(99,688,197)
<b>Equity attributable to owners of the parent</b>				
		<b>635,469,216</b>	<b>643,176,378</b>	<b>642,163,049</b>
Non-controlling interest		17,399,940	14,765,848	13,831,856
<b>Total equity</b>				
		<b>652,869,156</b>	<b>657,942,226</b>	<b>655,994,905</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	Company		
		31 December 2018 Rp'000	31 December 2017 Rp'000	1 January 2017 Rp'000
<b>Non-current assets</b>				
Property, plant and equipment	13	109,038	85,373	37,688
Investments in subsidiaries	14	768,439,502	688,529,042	631,820,942
Club memberships	17	–	658,679	604,430
		<b>768,548,540</b>	689,273,094	632,463,060
<b>Current assets</b>				
Trade and other receivables	21	201,103,799	153,384,014	164,345,834
Dividend receivable		34,667,609	36,679,457	57,833,614
Prepayments		257,253	210,874	211,529
Cash and cash equivalents	23	74,733,568	177,467,335	158,744,236
		<b>310,762,229</b>	367,741,680	381,135,213
Less:				
<b>Current liabilities</b>				
Trade and other payables	24	1,067,972	1,201,791	1,217,056
Current income tax payable		–	1,266,691	520,173
		<b>1,067,972</b>	2,468,482	1,737,229
<b>Net current assets</b>		<b>309,694,257</b>	365,273,198	379,397,984
Less:				
<b>Non-current liabilities</b>				
Deferred tax liabilities	27	226,585	216,554	195,277
		<b>226,585</b>	216,554	195,277
<b>Net assets</b>		<b>1,078,016,212</b>	1,054,329,738	1,011,665,767
<b>Capital and reserves</b>				
Share capital	28	647,867,864	648,501,310	660,381,631
Foreign currency translation reserve	29	411,623,356	363,083,818	275,373,221
Accumulated profits		18,524,992	42,744,610	75,910,915
<b>Total equity</b>		<b>1,078,016,212</b>	1,054,329,738	1,011,665,767

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated losses Rp'000	Equity attributable to owners of the parent Rp'000	Non- controlling interest Rp'000	Total equity Rp'000
<b>Group</b>							
Balance as at 1.1.2018		648,501,310	112,472,113	(117,797,045)	643,176,378	14,765,848	657,942,226
<b>Profit for the financial year</b>		-	-	(7,395,850)	(7,395,850)	(113,749)	(7,509,599)
<b>Other comprehensive income for the financial year:</b>							
Remeasurement of post-employment benefits		-	-	6,278,641	6,278,641	330,455	6,609,096
Currency translation differences		-	16,129,078	-	16,129,078	-	16,129,078
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss		-	-	(1,569,660)	(1,569,660)	(82,614)	(1,652,274)
<b>Total comprehensive income for the financial year</b>		-	16,129,078	(2,686,869)	13,442,209	134,092	13,576,301
<b>Contribution by and distribution to owners of the parent:</b>							
Shares buy back held in treasury	28	(633,446)	-	-	(633,446)	-	(633,446)
Dividend to owners of the parent	30	-	-	(20,515,925)	(20,515,925)	-	(20,515,925)
<b>Total transactions with owners of the parent, recognised directly in equity</b>		(633,446)	-	(20,515,925)	(21,149,371)	-	(21,149,371)
<b>Capital injection from non-controlling interest in subsidiary</b>		-	-	-	-	2,500,000	2,500,000
Balance as at 31.12.2018		647,867,864	128,601,191	(140,999,839)	635,469,216	17,399,940	652,869,156

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated losses Rp'000	Equity attributable to owners of the parent Rp'000	Non- controlling interest Rp'000	Total equity Rp'000
<b>Group</b>							
Balance as at 1.1.2017	37	660,381,631	81,469,615	(99,688,197)	642,163,049	13,831,856	655,994,905
<b>Profit for the financial year</b>		-	-	42,686,592	42,686,592	2,944,047	45,630,639
<b>Other comprehensive income for the financial year:</b>							
Remeasurement of post-employment benefits		-	-	(5,321,418)	(5,321,418)	(280,074)	(5,601,492)
Currency translation differences		-	31,002,498	-	31,002,498	-	31,002,498
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
<b>Total comprehensive income for the financial year</b>		-	31,002,498	38,695,528	69,698,026	2,733,992	72,432,018
<b>Contribution by and distribution to owners of the parent:</b>							
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)
<b>Total transactions with owners of the parent, recognised directly in equity</b>		(11,880,321)	-	(56,804,376)	(68,684,697)	-	(68,684,697)
<b>Dividend to non-controlling interest</b>		-	-	-	-	(1,800,000)	(1,800,000)
Balance as at 31.12.2017		648,501,310	112,472,113	(117,797,045)	643,176,378	14,765,848	657,942,226

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital Rp'000	Foreign currency translation reserve Rp'000	Accumulated profits Rp'000	Total equity Rp'000
<b>Company</b>					
Balance as at 1.1.2018		648,501,310	363,083,818	42,744,610	1,054,329,738
<b>Loss for the financial year</b>		-	-	(3,703,693)	(3,703,693)
<b>Other comprehensive income for the financial year:</b>					
Currency translation differences		-	48,539,538	-	48,539,538
Total comprehensive income for the financial year		-	48,539,538	(3,703,693)	44,835,845
<b>Contribution by and distribution to owners of the parent:</b>					
Shares buy back held in treasury	28	(633,446)	-	-	(633,446)
Dividend to owners of the parent	30	-	-	(20,515,925)	(20,515,925)
<b>Total transactions with owners of the parent, recognised directly in equity</b>		<b>(633,446)</b>	<b>-</b>	<b>(20,515,925)</b>	<b>(21,149,371)</b>
Balance as at 31.12.2018		647,867,864	411,623,356	18,524,992	1,078,016,212
Balance as at 1.1.2017	37	660,381,631	275,373,221	75,910,915	1,011,665,767
<b>Profit for the financial year</b>		-	-	23,638,071	23,638,071
<b>Other comprehensive income for the financial year:</b>					
Currency translation differences		-	87,710,597	-	87,710,597
Total comprehensive income for the financial year		-	87,710,597	23,638,071	111,348,668
<b>Contribution by and distribution to owners of the parent:</b>					
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)
<b>Total transactions with owners of the parent, recognised directly in equity</b>		<b>(11,880,321)</b>	<b>-</b>	<b>(56,804,376)</b>	<b>(68,684,697)</b>
Balance as at 31.12.2017		648,501,310	363,083,818	42,744,610	1,054,329,738

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Group	
	2018 Rp'000	2017 Rp'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(4,462,848)	69,869,191
Adjustments for:		
Amortisation of operating use rights	43,311	43,311
Changes in fair value less estimated point-of-sale costs of biological assets	(6,305,403)	683,723
Changes in fair value of financial assets at fair value through profit or loss	(8,732)	111,286
Depreciation of property, plant and equipment	12,174,074	11,764,972
Depreciation of bearer plants	8,456,273	9,821,524
Gain on disposal of club memberships	(305,364)	–
Gain on disposal of bearer plants	–	(286,567)
Loss allowance on Plasma plantation receivables	2,017,703	–
Loss on disposal of property, plant and equipment	8,153	417,510
Property, plant and equipment written off	–	24,552
Bearer plants written off	–	1,472,064
Deferred charges written back	(3,628,500)	–
Operating use rights written off	–	15,547
Interest expense	7,038	22,987
Interest income	(10,368,651)	(13,855,202)
Provision for post-employment benefits	5,264,962	6,823,390
Unrealised currency translation loss	1,938,632	10,896,147
Operating cash flows before working capital changes	4,830,648	97,824,435
Working capital changes:		
Inventories	(14,876,174)	8,593,452
Trade and other receivables	(12,288,364)	8,744,406
Prepayments	(2,157,356)	(152,861)
Trade and other payables	(7,816,313)	(19,903,189)
Provision for post-employment benefits	(11,066,625)	(10,026,491)
Cash (used in)/generated from operations	(43,374,184)	85,079,752
Interest received	5,096,602	7,640,352
Income tax paid, net	(20,015,808)	(3,738,219)
<b>Net cash (used in)/from operating activities</b>	<b>(58,293,390)</b>	<b>88,981,885</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Group	
	2018 Rp'000	2017 Rp'000
<b>Cash flows from investing activities</b>		
Capital expenditure on bearer plants	(13,535,387)	(12,130,540)
Additions to financial assets at fair value through profit or loss	–	(1,651,576)
Purchases of property, plant and equipment	(13,679,027)	(15,895,514)
Proceeds from disposal of property, plant and equipment	135,152	361,423
Proceeds from disposal of club membership	989,196	–
Refund/(Payments) for deferred charges arising from acquisition of land location permit	109,000	(311,341)
Net cash used in investing activities	(25,981,066)	(29,627,548)
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the parent	(20,515,925)	(56,804,376)
Dividend paid to non-controlling interest	(4,230,000)	–
Capital injection from non-controlling interest of subsidiary	2,500,000	–
Shares buy back held in treasury	(633,446)	(11,880,321)
Finance lease interest paid	(7,038)	(22,987)
Repayments of obligations under finance lease	(169,154)	(352,108)
Net cash used in financing activities	(23,055,563)	(69,059,792)
Net change in cash and cash equivalents	(107,330,019)	(9,705,455)
Cash and cash equivalents at the beginning of the financial year	382,844,694	372,943,082
Effects of currency translation on cash and cash equivalents	13,576,428	19,607,067
Cash and cash equivalents at the end of the financial year (Note 23)	289,091,103	382,844,694

## Reconciliation of liabilities arising from financing activities

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

	1 January 2018 Rp '000	Cash flow Rp '000	Non-cash changes Rp '000		31 December 2018 Rp '000
			Acquisition	Accretion in interest	
Finance lease liabilities	194,247	(176,192)	–	7,038	25,093

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2018 were authorised for issue in accordance with a Directors' resolution dated 29 March 2019.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

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

These financial statements are the Group and the Company's first financial statements prepared in accordance with SFRS(I)s. The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRSs"). As required by SFRS(I) 1 First-time adoption of Singapore Financial Reporting Standards (International), the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information for the financial year ended, 31 December 2017 in these financial statements have been restated to give effect to these changes and the financial impact on transition from FRSs to SFRS(I)s are disclosed in Note 37 to the financial statements.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation of financial statements (Continued)

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

#### 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 2019:

#### Applicable to 2019 financial statements

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

Except as disclosed below, management anticipates that the adoption of the above SFRS(I) and SFRS(I) INT in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

#### *SFRS(I) 16 Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Group expects to capitalise its operating leases on office premises and other office facilities on the statement of financial position by recognising a 'right-of-use' assets of Rp 1,179,380,000 and their corresponding lease liabilities for the present value of future lease payments of Rp1,179,380,000. This assessment may be subject to changes from the ongoing analysis until the finalisation of transition entries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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 (Continued)

*SFRS(I) 16 Leases (Continued)*

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 December 2019.

### 2.2 Basis of consolidation

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

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

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

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

#### Acquisition under common control

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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 SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or jointly venture.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition

#### Sale of goods

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

Revenue from sale of crude palm oil and palm kernels is recognised when goods are transferred to customer. The control is passed to customer upon acceptance of goods by customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 days.

#### Interest income

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

### 2.4 Employee benefits

#### (i) Defined contribution plans

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

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Employee benefits (Continued)

#### (ii) Defined benefit plans (Continued)

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

#### (iii) Employee leave entitlements

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

### 2.5 Taxes

Income tax expense 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 2018

## 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 2018

## 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 2018

## 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments

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

#### Financial assets

##### Accounting policy for financial assets on or after 1 January 2018

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

##### (i) *Amortised cost*

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments (Continued)

#### Financial assets (Continued)

##### Accounting policy for financial assets on or after 1 January 2018 (Continued)

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

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

##### Derecognition of financial assets

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

##### Accounting policy for financial assets prior to 1 January 2018

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) *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.

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments (Continued)

#### Financial assets (Continued)

##### Accounting policy for financial assets prior to 1 January 2018 (Continued)

##### (ii) *Financial assets at fair value through profit or loss (Continued)*

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.

##### 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 2018

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments (Continued)

#### Financial liabilities (Continued)

##### Derecognition of financial liabilities

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

##### Derivative financial instruments

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

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

### 2.16 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 2018

## 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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) 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 2018

## 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) Loss allowance for impairment of trade and other receivables

*Trade receivables*

The management establishes provision for impairment of trade receivables using a forward-looking expected credit loss model. On initial recognition of the financial asset, management has determined the expected credit loss rates by considering the credit risk profile of the customers and considered if there will be default payment. The Group's credit risk exposure for trade receivables are disclosed in Note 21. There is no allowance required as at 31 December 2018.

The carrying amount of the Group's trade receivables as at 31 December 2018 was Rp8,710,925,000 (31 December 2017: Rp5,431,513,000, 1 January 2017: Rp5,374,350,000).

*Other receivables due from subsidiaries and loans to a subsidiary*

Management determines whether there is significant increase in credit risk of these subsidiaries since initial recognition. Management considers historical loss pattern, reasonable and supportable information that is relevant various operating performance ratios as well as liquidity ratios of these related parties. There is no significant increase in credit risk as at 31 December 2018.

The carrying amount of the Company's other receivables due from and loans to subsidiaries as at 31 December 2018 were Rp9,904,021,000 (31 December 2017: Rp3,657,555,000, 1 January 2017: Rp3,256,128,000) and Rp189,492,766,000 (31 December 2017: Rp147,489,882,000, 1 January 2017: Rp158,153,565,000) respectively.

(ii) Classification and impairment of Plasma plantation receivables

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

### 3.2 Key sources of estimation uncertainty (Continued)

#### (ii) Classification and impairment of Plasma plantation receivables (Continued)

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

The carrying amount of the Group's Plasma plantation receivables as at 31 December 2018 was Rp59,528,106,000 (31 December 2017: Rp64,213,571,000, 1 January 2017: Rp66,968,014,000).

#### (iii) Biological assets

The Group's biological assets are stated at fair value less estimated point-of-sale costs. The fair value of the Group's biological assets are determined based on the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate. The key inputs to the income approach with the cash flow method discounted are derived based on certain significant assumptions made and such details are disclosed in Note 19 to the financial statements. While the Group believes that its assumptions are reasonable and appropriate, significant differences between the actual and estimated volume of the fresh fruit bunches (the significant assumption used) and price may materially affect the fair value of its biological assets. The carrying amount of the Group's biological assets as at 31 December 2018 was Rp7,995,100,000 (31 December 2017: Rp1,689,697,000, 1 January 2017: Rp2,373,420,000).

#### (iv) 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 2018 was Rp115,155,542,000 (31 December 2017: Rp110,076,428,000, 1 January 2017: Rp109,105,613,000).

#### (v) 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 2018 was Rp29,657,159,000 (31 December 2017: Rp42,067,917,000, 1 January 2017: Rp39,669,527,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

#### 3.2 Key sources of estimation uncertainty (Continued)

(vi) Impairment of investments in subsidiaries

The Company follows the guidance of SFRS(1) 1-36 in determining when an investment in a subsidiary is impaired. This determination requires significant judgement. The management's assessment is based on the estimation of the value-in-use of the cash generating units by forecasting the expected future cash flows for a period up to 5 years including terminal value, where appropriate, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2018 was Rp768,439,502,000 (31 December 2017: Rp688,529,042,000, 1 January 2017: Rp631,820,942,000).

### 4. REVENUE

	Group	
	2018	2017
	Rp'000	Rp'000
<u>By geographical regions</u>		
Indonesia	338,577,890	460,279,845
<u>Type of good or service</u>		
Crude Palm Oil	306,151,110	415,092,504
Palm kernels	32,426,780	45,187,341
	338,577,890	460,279,845

### 5. COST OF SALES

	Group	
	2018	2017
	Rp'000	Rp'000
Cost of inventories recognised as expense	307,888,774	348,948,642
The above comprised the following:		
Changes in inventories of finished goods and fresh fruit bunches	143,348,033	180,813,614
Employee benefits expense – Direct labour	45,397,747	45,599,328
Depreciation of property, plant and equipment	11,122,041	10,705,877
Depreciation of bearer plants	8,456,273	9,821,524
Amortisation of operating use rights	43,311	43,311
Direct overheads	99,521,369	101,964,988
	307,888,774	348,948,642

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**6. INTEREST INCOME**

	Group	
	2018	2017
	Rp'000	Rp'000
Interest income from:		
– bank balances and short-term deposits	5,281,990	7,885,536
– Plasma plantation receivables	5,086,661	5,969,666
	<b>10,368,651</b>	13,855,202

**7. OTHER INCOME**

	Group	
	2018	2017
	Rp'000	Rp'000
Changes in fair value of financial assets at fair value through profit or loss	8,732	(111,286)
Changes in fair value of derivative financial instruments, net	–	7,790,071
Gain on disposal of bearer plants	–	286,567
Gain on disposal of club memberships	305,364	–
Sundry income from sale of sludge and kernel shells	2,038,178	2,344,112
Government grant	11,383	16,316
Reversal of accrued expenses	458,802	–
Compensation from insurance claim	258,150	106,166
Sundry income	338,201	280,855
	<b>3,418,810</b>	10,712,801

**8. FINANCE COST**

	Group	
	2018	2017
	Rp'000	Rp'000
Interest expense for finance lease	7,038	22,987

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 9. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Group	
	2018	2017
	Rp'000	Rp'000
<u>Distribution expenses</u>		
Freight and stevedoring expenses	416,816	476,528
<u>Administrative expenses</u>		
Bank charges	76,563	49,585
Depreciation of property, plant and equipment	1,052,033	1,059,095
Employee benefits expense <sup>(1)</sup>		
– Salaries, wages and bonuses	30,550,945	26,563,748
– Employer's contributions to define contribution	375,445	231,727
– Post-employment benefits	5,264,962	6,823,390
Audit fees		
– Auditors of the Company	873,201	945,822
– Other auditors <sup>(2)</sup>	260,000	250,000
Non audit fees		
– Auditors of the Company	–	–
– Other auditors <sup>(2)</sup>	–	–
Operating lease expense – office premises and other office facilities	1,130,309	1,091,980
Professional fees	4,409,191	2,882,162
Entertainment expenses	1,006,013	523,615
Transportation, travelling and accommodation expenses	886,623	949,420
<u>Other expenses</u>		
Bearer plants written off	–	1,472,064
Deferred charges written back	(3,628,500)	–
Operating use rights written off	–	15,547
Loss on disposal of property, plant and equipment	8,153	417,510
Area survey expenses	485,399	501,873
Renewal of land permit expenses	1,684,618	–
Property, plant and equipment written off	–	24,552
Foreign exchange loss, net	3,058,992	14,769,379

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

<sup>(2)</sup> Other auditors refer to a member firm of BDO International Limited

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 10. INCOME TAX EXPENSE

	Group	
	2018	2017
	Rp'000	Rp'000
<u>Income tax recognised in profit or loss</u>		
Current income tax		
– current financial year	–	16,266,776
– (over)/underprovision in prior financial years	(665,781)	377,741
– withholding tax on interest and dividend income	755,790	4,273,410
	<b>90,009</b>	20,917,927
Deferred income tax		
– current financial year	2,956,742	3,320,625
<b>Total income tax expense recognised in profit or loss</b>	<b>3,046,751</b>	24,238,552

### Reconciliation of effective tax rate

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

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

	Group	
	2018	2017
	Rp'000	Rp'000
(Loss)/Profit before income tax	(4,462,848)	69,869,191
Income tax calculated at 25%	(1,115,712)	17,467,298
Tax effect of income not subject to tax	(5,289,968)	(3,500,149)
Tax effect of expenses not deductible	5,701,571	4,661,666
Tax effect of tax-exempt income	–	(250,881)
(Over)/Underprovision of current income tax in prior financial years	(665,781)	377,741
Withholding tax on interest and dividend income	755,790	4,273,410
Effect of different income tax rate of entities operating in other jurisdiction	3,795,452	2,156,892
Tax rebate	–	(595,300)
Others	(134,601)	(352,125)
	<b>3,046,751</b>	24,238,552

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 10. INCOME TAX EXPENSE (CONTINUED)

Income tax recognised in other comprehensive income

	Group					
	2018		2017			
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Remeasurement of post-employment benefits	6,609,096	(1,652,274)	4,956,822	(5,601,492)	1,400,373	(4,201,119)

## 11. (LOSS)/EARNINGS PER SHARE

The calculation for basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the parent for the financial year by the weighted average (2017: weighted average) number of ordinary shares in issue after share consolidation during the financial year. As the Group has no dilutive potential ordinary shares, the diluted (loss)/earnings per share are equivalent to basic (loss)/earnings per share.

	Group	
	2018	2017
The calculation of basic and diluted (loss)/earnings per share is based on:		
(Loss)/Profit for the financial year attributable to owners of the parent (Rp'000)	(7,395,850)	42,686,592
Weighted average (2017: weighted average) number of ordinary shares after share consolidation ('000)	196,328	197,831

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**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
<b>Group</b>					
<b>Cost</b>					
Balance as at 1.1.2018	157,592,641	19,727,207	3,174,230	8,220,977	188,715,055
Additions	–	6,301,823	4,562,673	2,670,891	13,535,387
Reclassification	–	4,462,811	(1,101,085)	(3,361,726)	–
Balance as at 31.12.2018	157,592,641	30,491,841	6,635,818	7,530,142	202,250,442
<b>Accumulated depreciation</b>					
Balance as at 1.1.2018	78,638,627	–	–	–	78,638,627
Depreciation for the financial year	8,456,273	–	–	–	8,456,273
Balance as at 31.12.2018	87,094,900	–	–	–	87,094,900
<b>Carrying amount</b>					
Balance as at 31.12.2018	70,497,741	30,491,841	6,635,818	7,530,142	115,155,542
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Carrying amount</b>					
Balance as at 31.12.2017	78,954,014	19,727,207	3,174,230	8,220,977	110,076,428

In the previous 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 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 2018

**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
<b>Group</b>						
<b>Cost</b>						
Balance as at 1.1.2018	91,394,760	77,267,102	62,937,253	3,517,599	2,803,764	237,920,478
Additions	264,463	1,809,842	3,858,636	303,594	7,442,492	13,679,027
Disposals	-	-	(233,790)	-	-	(233,790)
Reclassification	9,072,075	-	-	-	(9,072,075)	-
Currency translation differences	-	-	82,123	81,036	-	163,159
Balance as at 31.12.2018	100,731,298	79,076,944	66,644,222	3,902,229	1,174,181	251,528,874
<b>Accumulated depreciation</b>						
Balance as at 1.1.2018	29,007,537	35,995,571	36,803,685	2,663,868	-	104,470,661
Depreciation for the financial year	3,881,603	3,105,590	4,986,793	200,088	-	12,174,074
Disposals	-	-	(90,485)	-	-	(90,485)
Currency translation differences	-	-	82,123	76,927	-	159,050
Balance as at 31.12.2018	32,889,140	39,101,161	41,782,116	2,940,883	-	116,713,300
<b>Carrying amount</b>						
Balance as at 31.12.2018	67,842,158	39,975,783	24,862,106	961,346	1,174,181	134,815,574
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Carrying amount</b>						
Balance as at 31.12.2017	62,387,223	41,271,531	26,133,568	853,731	2,803,764	133,449,817

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Motor vehicles Rp'000	Office equipment Rp'000	Total Rp'000
<b>Company</b>			
<b>Cost</b>			
Balance as at 1.1.2018	1,772,749	1,737,924	3,510,673
Additions	–	67,061	67,061
Currency translation differences	82,123	81,036	163,159
Balance as at 31.12.2018	1,854,872	1,886,021	3,740,893
<b>Accumulated depreciation</b>			
Balance as at 1.1.2018	1,772,749	1,652,551	3,425,300
Depreciation for the financial year	–	47,505	47,505
Currency translation differences	82,123	76,927	159,050
Balance as at 31.12.2018	1,854,872	1,776,983	3,631,855
<b>Carrying amount</b>			
Balance as at 31.12.2018	–	109,038	109,038
<b>Cost</b>			
Balance as at 1.1.2017	1,626,743	1,535,330	3,162,073
Additions	–	99,282	99,282
Disposals	–	(20,362)	(20,362)
Write-off	–	(14,129)	(14,129)
Currency translation differences	146,006	137,803	283,809
Balance as at 31.12.2017	1,772,749	1,737,924	3,510,673
<b>Accumulated depreciation</b>			
Balance as at 1.1.2017	1,626,743	1,497,642	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	146,006	136,896	282,902
Balance as at 31.12.2017	1,772,749	1,652,551	3,425,300
<b>Carrying amount</b>			
Balance as at 31.12.2017	–	85,373	85,373

Transportation equipment and motor vehicles of the Group with carrying amount of Rp203,662,000 (31 December 2017: Rp677,342,000, 1 January 2017: Rp244,364,000) were acquired under finance lease arrangement (Note 25).

In the previous financial year, the Group acquired property, plant and equipment for an aggregate of Rp16,281,434,000 of which Rp385,920,000 was acquired under finance lease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 14. INVESTMENTS IN SUBSIDIARIES

	Company		
	31 December	1 January	
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Unquoted equity shares in corporations, at cost			
Balance as at the beginning of the financial year	688,529,042	536,393,902	562,482,402
Addition	47,500,000	103,991,945	–
Currency translation differences	32,410,460	48,143,195	(26,088,500)
Balance as at the end of the financial year	768,439,502	688,529,042	536,393,902
Deemed investment in subsidiary	–	–	95,427,040
	768,439,502	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			Proportion of ownership interest held by non-controlling interest		
		31 December 2018	1 January 2017	1 January 2017	31 December 2018	1 January 2017	1 January 2017
		%	%	%	%	%	%
<b>Held by the Company</b>							
Global Palm Resources Private Limited <sup>(1)</sup> (Singapore)	Investment holding company	100	100	100	–	–	–
Ecogreen Resources Investments Limited <sup>(2)</sup> (Cayman Islands)	Dormant	100	100	100	–	–	–
<b>Held by Global Palm Resources Private Limited</b>							
PT Prakarsa Tani Sejati <sup>(3)</sup> (Indonesia)	Oil palm plantations and manufacturing of plantation products (crude palm oil and palm kernels)	95	95	95	5	5	5

<sup>(1)</sup> Audited by BDO LLP, Singapore, a member firm of BDO International Limited

<sup>(2)</sup> Not required to be audited

<sup>(3)</sup> Audited by KAP Tanubranta Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Additional investments in subsidiaries

On 2 July 2018, the Company increased the share capital of its wholly-owned subsidiary, Global Palm Resources Private Limited ("GPRPL") by Rp47,500,000,000 from Rp498,562,529,000 to Rp546,062,529,000.

On 2 July 2018, the Company's wholly owned subsidiary, GPRPL increased the share capital of its subsidiary, PT Prakarsa Tani Sejati by Rp47,500,000,000 and non-controlling interest contributed Rp2,500,000,000.

### 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		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Revenue	338,577,890	460,279,845	385,737,762
Profit before income tax	681,744	77,773,339	54,885,100
Income tax expense	(2,956,742)	(18,892,386)	(13,467,547)
(Loss)/Profit for the financial year	(2,274,998)	58,880,953	41,417,553
(Loss)/Profit allocated to NCI	(113,749)	2,944,047	2,070,878
Other comprehensive income allocated to NCI	247,841	(210,055)	3,961
Total comprehensive income allocated to NCI	134,092	2,733,992	2,074,839
Dividend paid to NCI	-	-	1,250,000
Cash flows (used in)/from operating activities	(12,160,573)	67,216,306	(38,733,171)
Cash flows used in investing activities	(26,903,202)	(29,982,136)	(20,840,328)
Cash flows from/(used in) financing activities	41,901,058	(53,974,837)	(25,112,654)
Net cash inflows/(outflows)	2,837,283	(16,740,667)	(84,686,153)
Assets:			
Current assets	319,488,934	272,556,182	303,383,812
Non-current assets	309,588,309	303,022,345	297,749,297
Liabilities:			
Current liabilities	241,642,624	232,998,898	281,477,556
Non-current liabilities	39,435,827	47,262,662	43,018,419
Net assets	347,998,792	295,316,967	276,637,134
Accumulated non-controlling interests	17,399,940	14,765,848	13,831,856

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. PLASMA PLANTATION RECEIVABLES**

	Group		
	31 December 2018 Rp'000	2017 Rp'000	1 January 2017 Rp'000
Plasma plantation receivables	61,545,809	64,213,571	66,968,014
Less: Loss allowance	(2,017,703)	-	-
	59,528,106	64,213,571	66,968,014
Less: Current portion (Note 21)	(10,019,605)	(11,373,639)	(14,511,634)
Non-current portion	49,508,501	52,839,932	52,456,380

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

As at 31 December 2018, management determined there is a significant increase in credit risk and a loss allowance on Plasma plantation receivables of Rp2,017,703,000 was recognised during the financial year ended 31 December 2018 using lifetime ECL.

Based on the management's estimate, the Plasma plantation receivables is expected to be repaid within the next 3 to 19 years when the Plasma plantations have a remaining maturity period of 15 to 20 years. Management also determined that Plasma plantation receivables of Rp10,019,605,000 will be realised within the next financial year and classified as current receivables. The remaining balance of Rp49,508,501,000 was estimated to be repaid by 2037.

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

	Group	
	31 December 2018 Rp'000	2017 Rp'000
Balance as at the beginning of the financial year	-	-
Loss allowance recognised during the financial year	2,017,703	-
Balance as at the end of the financial year	2,017,703	-

Plasma plantation receivables are denominated in Indonesian rupiah.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**16. OPERATING USE RIGHTS**

	Group		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
<b>Cost</b>			
Balance as at the beginning of the financial year	1,385,326	1,400,873	1,400,873
Write-off	–	(15,547)	–
Balance as at the end of the financial year	1,385,326	1,385,326	1,400,873
<b>Accumulated amortisation</b>			
Balance as at the beginning of the financial year	838,103	794,792	750,631
Amortisation for the financial year	43,311	43,311	44,161
Balance as at the end of the financial year	881,414	838,103	794,792
<b>Carrying amount</b>			
Balance as at the end of the financial year	503,912	547,223	606,081

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

	Group		
	31 December		1 January
	2018	2017	2017
	Years	Years	Years
Remaining amortisation period	11	12	13

**17. CLUB MEMBERSHIPS**

	Group and Company		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Club memberships, at cost	888,112	888,112	888,112
Disposal of club memberships	(694,632)	–	–
Impairment of club memberships	(599,928)	(599,928)	(599,928)
Currency translation differences	406,448	370,495	316,246
	–	658,679	604,430

Club memberships comprise memberships for golf club in Singapore. The club memberships were disposed during the financial year due to closure of the golf club following the acquisition of the land on which the golf club reside by local government authority for public transport development purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**18. DEFERRED CHARGES**

	Group		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Balance as at the beginning of the financial year	6,194,318	5,882,977	9,397,977
Addition	–	311,341	113,500
Refunds for deferred charges	(109,000)	–	–
Write-back/(Write-off)	3,628,500	–	(3,628,500)
Balance as at the end of the financial year	9,713,818	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.

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

**19. BIOLOGICAL ASSETS**

	Group		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
<u>At fair value</u>			
Balance as at the beginning of the financial year	1,689,697	2,373,420	1,528,081
Changes in fair value less estimated point-of-sale costs	6,305,403	(683,723)	845,339
Balance as at the end of the financial year	7,995,100	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 and palm kernels.

During the financial year, the Group harvested approximately 111,271 (31 December 2017: 134,081, 1 January 2017: 132,631) tonnes of FFB.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 19. BIOLOGICAL ASSETS (CONTINUED)

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 8,412.07 tonnes (31 December 2017: 1,165.13 tonnes, 1 January 2017: 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 income approach method (31 December 2017 and 1 January 2017: market approach method). The income approach has been adopted by the Group as being the most appropriate valuation technique. The income approach method is a valuation method that can be used for valuation of biological assets due to asset generating revenue (income producing assets).

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

- (i) FFB production yield from the respective stages of maturity of the mature oil palm plantation used to estimate the quantity of FFB based on management inspection on actual condition of un-harvested FFB growing on trees as at the end of the financial year and comparison to industry peers;
- (ii) the market selling prices of FFB as at the end of the financial year, issued by the plantation authority of West Kalimantan Province;
- (iii) the discount rate; and
- (iv) the transportation costs, maintenance costs and the cost of harvesting (estimated point-of-sale costs).

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

## 20. INVENTORIES

	Group		
	31 December 2018 Rp'000	2017 Rp'000	1 January 2017 Rp'000
Finished goods	42,388,760	29,348,461	38,373,775
Production supplies	12,565,268	10,337,408	10,164,700
Fresh fruit bunches	137,211	529,196	270,043
	<b>55,091,239</b>	40,215,065	48,808,518

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**21. TRADE AND OTHER RECEIVABLES**

	Group			Company		
	31 December	1 January	31 December	31 December	1 January	1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Trade receivables – third parties	<b>8,710,925</b>	5,431,513	5,374,350	–	–	–
Other receivables						
– subsidiaries	–	–	–	<b>9,904,021</b>	3,657,555	3,256,128
– related parties	<b>776,770</b>	–	–	–	–	–
– third parties	<b>3,170,220</b>	2,409,920	4,066,443	<b>95,561</b>	123,457	407,359
– Plasma plantation receivables (Note 15)	<b>10,019,605</b>	11,373,639	14,511,634	–	–	–
– loans to a subsidiary	–	–	–	<b>189,492,766</b>	147,489,882	158,153,565
	<b>13,966,595</b>	13,783,559	18,578,077	<b>199,492,348</b>	151,270,894	161,817,052
Value added taxes recoverable	–	2,195,785	–	–	–	–
Refundable deposits	<b>19,777,774</b>	2,279,429	2,695,066	<b>1,611,451</b>	2,113,120	2,528,782
	<b>42,455,294</b>	23,690,286	26,647,493	<b>201,103,799</b>	153,384,014	164,345,834

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

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

As at 31 December 2018, 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.

On 12 December 2018, the Group has entered into the following conditional sale and purchase agreements with:

- a) PT Bumiraya Utama ("PT BRU") to acquire 5,616,350 ordinary shares, representing approximately 94.98% of the issued and paid up capital of PT Bumi Raya Agro at a purchase consideration of Rp23,614,220,000; and
- b) Mr Swandono Adijanto to acquire 1,000 ordinary share representing approximately 0.02% of the issued and paid-up share capital of PT Bumi Raya Argo at a purchase consideration of Rp4,204,000.

A refundable deposit amounting to Rp18,000,000,000 has been paid to PT BRU during the financial year. The acquisition is subject to the fulfillment of conditions such as the conduct of legal and financial due diligence on PT Bumi Raya Agro as well as approvals required by the Indonesian authorities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 21. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group			Company		
	31 December	1 January	31 December	31 December	1 January	1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	40,813,008	19,342,407	23,711,067	50,798,314	68,529,096	85,911,787
Singapore dollar	420,851	488,383	2,936,426	149,084,050	83,191,207	78,434,047
Malaysian ringgit	1,215,056	1,657,431	–	1,215,056	1,657,431	–
United States dollar	6,379	6,280	–	6,379	6,280	–
	<b>42,455,294</b>	21,494,501	26,647,493	<b>201,103,799</b>	153,384,014	164,345,834

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		
	31 December	1 January	1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Balance as at the beginning of the financial year	1,729,290	189,000	52,920
Additions	–	1,651,576	–
Changes in fair value during the financial year (Note 7)	8,732	(111,286)	136,080
Balance as at the end of the financial year	<b>1,738,022</b>	1,729,290	189,000
Comprising:			
Listed securities:			
Equity securities – Indonesia	<b>1,738,022</b>	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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**23. CASH AND CASH EQUIVALENTS**

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cash and bank balances	<b>36,619,080</b>	59,512,586	55,719,040	<b>9,737,946</b>	12,752,578	1,545,389
Fixed deposits with banks	<b>252,472,023</b>	323,332,108	317,224,042	<b>64,995,622</b>	164,714,757	157,198,847
	<b>289,091,103</b>	382,844,694	372,943,082	<b>74,733,568</b>	177,467,335	158,744,236

Fixed deposits mature on varying dates ranging between 5 days to 87 days (31 December 2017: 3 days to 88 days, 1 January 2017: 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 5.25% (31 December 2017: 0.35% to 6.3%, 1 January 2017: 0.5% to 8%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	<b>45,283,029</b>	127,007,049	139,412,571	<b>21,671,613</b>	47,957,371	45,521,135
Singapore dollar	<b>171,428,538</b>	188,206,605	169,673,159	<b>11,819,518</b>	91,079,719	80,573,252
United States dollar	<b>72,379,536</b>	67,631,040	63,857,352	<b>41,242,437</b>	38,430,245	32,649,849
	<b>289,091,103</b>	382,844,694	372,943,082	<b>74,733,568</b>	177,467,335	158,744,236

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**24. TRADE AND OTHER PAYABLES**

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Trade payables						
– related parties	–	–	1,130,945	–	–	–
– third parties	<b>14,914,497</b>	24,651,240	21,828,297	–	–	–
	<b>14,914,497</b>	24,651,240	22,959,242	–	–	–
Other payables – third parties	<b>2,408,558</b>	687,679	797,925	–	–	–
Value added taxes payable	<b>2,123,630</b>	–	1,138,219	–	–	–
Other taxes payable	<b>1,033,520</b>	4,417,895	7,585,938	–	–	–
Accrued operating expenses	<b>7,422,490</b>	8,793,423	10,067,538	<b>1,067,972</b>	1,201,791	1,217,056
Advances from customers	<b>2,880,000</b>	–	15,777,000	–	–	–
	<b>30,782,695</b>	38,550,237	58,325,862	<b>1,067,972</b>	1,201,791	1,217,056

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

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

Movements in advances from customers:

	Group	
	31 December	
	2018	2017
	Rp'000	Rp'000
Balance as at the beginning of the financial year	–	15,777,000
Amount recognised as revenue	–	(15,777,000)
Cash received in advance of performance and not recognised as revenue	<b>2,880,000</b>	–
Balance as at the end of the financial year	<b>2,880,000</b>	–

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

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Indonesian rupiah	<b>23,549,373</b>	32,789,593	32,499,242	–	–	–
Singapore dollar	<b>1,196,172</b>	1,342,749	1,325,463	<b>1,067,972</b>	1,201,791	1,217,056
	<b>24,745,545</b>	34,132,342	33,824,705	<b>1,067,972</b>	1,201,791	1,217,056

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**25. FINANCE LEASE PAYABLE**

	Minimum lease payments Rp'000	Future finance charges Rp'000	Present value of minimum lease payments Rp'000
<b>Group</b>			
<b>31 December 2018</b>			
<b>Current liabilities</b>			
Not later than one year	25,580	(487)	25,093
<b>Non-current liabilities</b>			
Later than one year and not later than five years	-	-	-
	<b>25,580</b>	<b>(487)</b>	<b>25,093</b>
<b>31 December 2017</b>			
<b>Current liabilities</b>			
Not later than one year	176,192	(7,038)	169,154
<b>Non-current liabilities</b>			
Later than one year and not later than five years	25,580	(487)	25,093
	<b>201,772</b>	<b>(7,525)</b>	<b>194,247</b>
<b>1 January 2017</b>			
<b>Current liabilities</b>			
Not later than one year	76,740	(12,196)	64,544
<b>Non-current liabilities</b>			
Later than one year and not later than five years	102,320	(6,429)	95,891
	<b>179,060</b>	<b>(18,625)</b>	<b>160,435</b>

Finance lease payable is denominated in Indonesian rupiah.

The finance lease term for the finance lease payable as at 31 December 2018 was 1 year (31 December 2017: 1 year to 3 years, 1 January 2017: 3 years).

The effective interest rate charged during the financial year was 9.29% (31 December 2017: 8.75%, 1 January 2017: 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26. PROVISION FOR POST-EMPLOYMENT BENEFITS

	Group		
	31 December 2018 Rp'000	2017 Rp'000	1 January 2017 Rp'000
Present value of retirement benefit obligations	(41,938,565)	(52,364,714)	(39,669,527)
Fair value of plan assets	12,281,406	10,296,797	–
	(29,657,159)	(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:

	31 December 2018	31 December 2017	1 January 2017
Discount rate	8.5% per annum	7.0% per annum	8.4% per annum
Wages and salary growth rate	8% per annum	8% per annum	8% per annum
Mortality rate	TMI 2011	TMI 2011	TMI 2011
Retirement age	55 years of age	55 years of age	55 years of age
Average duration	15.02 years	15.44 years	16.34 years
Method	Projected unit credit	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 2019, the Group expects to contribute Rp5,250,000,000 into the Plan.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONTINUED)

### Reconciliation of post-employment benefits

	Group		
	31 December 2018 Rp'000	2017 Rp'000	1 January 2017 Rp'000
Balance, representing present value of obligation, as at the beginning of the financial year	52,364,714	39,669,527	33,676,272
<i>Included in profit or loss</i>			
Current service costs	3,089,031	4,331,822	2,853,161
Interest costs	2,957,358	2,911,128	3,061,574
Past service cost	–	–	249,359
	6,046,389	7,242,950	6,164,094
Provision utilised during the financial year	(9,333,741)	(36,958)	(65,193)
<i>Included in other comprehensive income</i>			
Remeasurement of post-employment benefits from:			
– Financial assumptions	(4,872,292)	3,918,687	1,542,690
– Experience adjustments	(2,266,505)	1,570,508	(1,648,336)
	(7,138,797)	5,489,195	(105,646)
Balance, representing present value of obligation, as at the end of the financial year	41,938,565	52,364,714	39,669,527

### Reconciliation of fair value of the Plan assets:

	Group		
	31 December 2018 Rp'000	2017 Rp'000	1 January 2017 Rp'000
Balance as at beginning of the financial year	10,296,797	–	–
<i>Included in profit or loss</i>			
Interest	781,427	419,560	–
<i>Included in other comprehensive income</i>			
Return on plan assets (excluding interest)	(529,701)	(112,297)	–
<i>Others</i>			
Employer contributions	11,066,624	10,026,492	–
Benefits paid	(9,333,741)	(36,958)	–
	1,732,883	9,989,534	–
Balance as at end of the financial year	12,281,406	10,296,797	–



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Fixed income	9,774,343	8,265,417	-
Syariah fund	2,507,063	2,031,380	-
	<b>12,281,406</b>	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 Rp'000	Decrease Rp'000
<b>31 December 2018</b>			
Discount rate	1%	38,838,281	45,501,568
Wages and salary growth rate	1%	45,938,317	38,459,281
Mortality rate	1%	41,941,053	41,936,077
<b>31 December 2017</b>			
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
<b>1 January 2017</b>			
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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**27. DEFERRED TAX LIABILITIES**

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Balance as at the beginning of the financial year	5,386,206	3,448,278	3,295,835	216,554	195,277	-
Adjustment on transition to SFRS(I) (Note 37)	-	-	203,201	-	-	203,201
	5,386,206	3,448,278	3,499,036	216,554	195,277	203,201
Charged/(Credited) to profit or loss	2,956,742	3,320,625	(69,246)	-	3,601	-
Charged/(Credited) to other comprehensive income	1,652,274	(1,400,373)	26,412	-	-	-
Currency translation differences	10,031	17,676	(7,924)	10,031	17,676	(7,924)
Balance as at the end of the financial year	10,005,253	5,386,206	3,448,278	226,585	216,554	195,277

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	Property, plant and equipment	Bearer plants and operating use rights	Unremitted earnings	Provision for post-employment benefits	Total
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
<b>Group</b>						
Balance as at 1.1.2017	593,355	12,822,442	(245,417)	195,277	(9,917,379)	3,448,278
(Credited)/Charged to profit or loss	(170,931)	408,447	2,278,735	3,601	800,773	3,320,625
Credited to other comprehensive income	-	-	-	-	(1,400,373)	(1,400,373)
Foreign currency translation	-	-	-	17,676	-	17,676
Balance as at 31.12.2017	422,424	13,230,889	2,033,318	216,554	(10,516,979)	5,386,206
Charged/(Credited) to profit or loss	1,576,350	202,966	(272,990)	-	1,450,416	2,956,742
Charged to other comprehensive income	-	-	-	-	1,652,274	1,652,274
Foreign currency translation	-	-	-	10,031	-	10,031
Balance as at 31.12.2018	1,998,774	13,433,855	1,760,328	226,585	(7,414,289)	10,005,253

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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: (Continued)

	Unremitted earnings Rp'000
<b>Company</b>	
Balance as at 1.1.2017	195,277
Charged to profit or loss	3,601
Foreign currency translation	17,676
Balance as at 31.12.2017	216,554
Foreign currency translation	10,031
Balance as at 31.12.2018	<b>226,585</b>

The Group has recognised withholding tax of Rp755,790,000 (31 December 2017: Rp4,273,410,000, 1 January 2017: 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 Rp262,998,791,000 (31 December 2017: Rp260,316,967,000, 1 January 2017: 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 Rp26,299,879,000 (31 December 2017: Rp26,031,697,000, 1 January 2017: Rp24,635,645,000).

The Group and the Company has recognised deferred tax liabilities on unremitted earnings relating to foreign-sourced interest income earned from deposits of surplus funds with subsidiary and financial institution amounting to approximately Rp226,585,000 (31 December 2017: Rp216,554,000, 1 January 2017: Rp195,277,000).

## 28. SHARE CAPITAL

	Group and Company					
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	Number of ordinary shares					
	'000	'000	'000	Rp'000	Rp'000	Rp'000
<u>Issued and paid up</u>						
Balance as at the beginning and end of the financial year	<b>206,484</b>	206,484	206,484	<b>681,817,047</b>	681,817,047	681,817,047
<u>Treasury shares</u>						
Balance as at the beginning of the financial year	<b>10,030</b>	6,700	2,914	<b>33,315,737</b>	21,435,416	11,188,496
Shares re-acquired and held as treasury shares	<b>182</b>	3,330	3,786	<b>633,446</b>	11,880,321	10,246,920
Balance as at the end of the financial year	<b>10,212</b>	10,030	6,700	<b>33,949,183</b>	33,315,737	21,435,416
Balance as at the end of the financial year (excluding treasury shares)	<b>196,272</b>	196,454	199,784	<b>647,867,864</b>	648,501,310	660,381,631

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 28. SHARE CAPITAL (CONTINUED)

### Treasury shares

Treasury shares relate to ordinary shares of the Company that were re-acquired and held by the Company. The Company acquired 182,000 (31 December 2017: 3,330,000, 1 January 2017: 3,786,000) of its ordinary shares in the open market during the financial year. The total amount paid to acquire these shares was Rp633,446,000 (31 December 2017: Rp11,880,321,000, 1 January 2017: 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		
	31 December	1 January	
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Final tax-exempt dividend of S\$0.01 (approximately Rp106.03) [31 December 2017: S\$0.0301 (approximately Rp286.67), 1 January 2017: S\$0.004 (approximately Rp39.22)] per ordinary share in respect of financial year ended 31 December 2017 (31 December 2017: 31 December 2016, 1 January 2017: 31 December 2015)	20,515,975	56,804,376	7,950,404

The Board of Directors of the Company did not recommend any dividend in respect of the financial year ended 31 December 2018.

## 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		
	31 December	1 January	
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Property, plant and equipment	2,422,975	4,849,882	2,672,495

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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		
	31 December	1 January	31 December	1 January		
	2018	2017	2018	2017	2017	
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	
<u>Future minimum lease payments payable:</u>						
Not later than one year	779,986	986,153	754,471	659,986	634,471	
Later than one year and not later than five years	–	638,975	31,830	–	31,830	
	779,986	1,625,128	786,301	659,986	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		
	31 December	1 January	
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Sales	12,834,000	15,392,000	17,530,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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	
	2018 Rp'000	2017 Rp'000
<u>Related parties</u>		
Purchase of spare parts from related parties	243,047	232,036
Services received from related parties	300,000	300,000
Transportation charged by related parties	802,483	1,189,115
Purchase of property, plant and equipment from related parties	–	318,450
Rental of premises charged by related parties	164,339	164,339
Refundable deposit for acquisition paid to related parties	18,000,000	–
Advances to related parties	6,390,990	–

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

### 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 2018 and 2017 were as follows:

	Group	
	2018 Rp'000	2017 Rp'000
Short-term benefits	14,852,560	12,514,366
<i>Analysed into:</i>		
Directors of the Company	8,117,695	6,137,659
Directors of the subsidiary	2,161,739	1,902,379
Other key management personnel	4,573,126	4,474,328
	14,852,560	12,514,366
Directors' fees	1,961,549	1,874,703

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

### 34.1 Financial instruments

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

	Group		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
<u>Financial assets</u>			
Plasma plantation receivables <sup>1</sup>	49,508,501	52,839,932	52,456,380
Trade and other receivables <sup>2</sup>	42,455,294	21,494,501	26,647,493
Cash and cash equivalents	289,091,103	382,844,694	372,943,082
	<b>381,054,898</b>	457,179,127	452,046,955
Financial assets at fair value through profit or loss	1,738,022	1,729,290	189,000
	<b>382,792,920</b>	458,908,417	452,235,955
<u>Financial liabilities</u>			
Trade and other payables <sup>3</sup>	24,745,545	34,132,342	33,824,705
Finance lease payable	25,093	194,247	160,435
Dividend payable to non-controlling interest	147,500	4,377,500	2,847,500
	<b>24,918,138</b>	38,704,089	36,832,640

	Company		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
<u>Financial assets</u>			
Trade and other receivables <sup>2</sup>	201,103,799	153,384,014	164,345,834
Cash and cash equivalents	74,733,568	177,467,335	158,744,236
Dividend receivable	34,667,609	36,679,457	57,833,614
	<b>310,504,976</b>	367,530,806	380,923,684
<u>Financial liabilities</u>			
Trade and other payables <sup>3</sup>	1,067,972	1,201,791	1,217,056
	<b>1,067,972</b>	1,201,791	1,217,056

<sup>1</sup> This represents the amount classified as non-current assets.

<sup>2</sup> This excludes value added taxes recoverable.

<sup>3</sup> This excludes value added taxes, other taxes payable and advances from customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 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 is mainly exposed to credit risk from credit sales. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the Plasma plantation receivables amounting to Rp59,528,106,000 (31 December 2017: Rp64,213,571,000, 1 January 2017: Rp66,968,014,000).

#### Trade and other receivables (excluding Plasma plantation receivables)

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

As at 31 December 2018, the Group's trade receivables are considered to be a low credit risk and subject to immaterial credit loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 34.2 Financial risks (Continued)

#### (a) Credit risks (Continued)

The age analysis of trade receivables is as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Not past due	6,132,671	5,431,513	5,374,350
Past due 1-30 days	2,578,254	–	–
	<b>8,710,925</b>	5,431,513	5,374,350

The Group has applied the general approach in accordance with SFRS(I) 9 to measure the loss allowance of other receivables using 12-month ECL. Credit risk for these assets has not increased significantly since their initial recognition. Hence, no loss allowance is recognised in application of SFRS(I) 9 except for Plasma plantation receivables where the credit risk management practice is disclosed in Note 15 to the financial statements.

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries amounting to approximately Rp199,396,787,000 (31 December 2017: Rp151,147,437,000, 1 January 2017: Rp161,409,693,000) which represented 99.2% (31 December 2017: 98.2%, 1 January 2017: 98.5%) of total trade and other receivables, and dividend receivable amounting to Rp34,667,609,000 (31 December 2017: Rp36,679,457,000, 1 January 2017: Rp57,833,614,000).

For amount due from subsidiaries, Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amount due from subsidiaries has been measured based on 12-month ECL and subject to immaterial credit loss.

#### Cash and cash equivalents

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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.

#### 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
<b>Group</b>					
<b>31 December 2018</b>					
Total financial assets	320,983,839	72,389,615	1,215,056	253,512,554	648,101,064
Total financial liabilities	(150,330,623)	-	-	(139,895,660)	(290,226,283)
Net financial assets	170,653,216	72,389,615	1,215,056	113,616,894	357,874,781
Less:					
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(159,835,597)	-	-	12,294,035	(147,541,562)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	10,817,619	72,389,615	1,215,056	125,910,929	210,333,219

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 34.2 Financial risks (Continued)

#### (b) Market risks (Continued)

##### Foreign currency risks (Continued)

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

	SGD Rp'000	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
<b>Group</b>					
<b>31 December 2017</b>					
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 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
<b>1 January 2017</b>					
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 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)****34.2 Financial risks (Continued)****(b) Market risks (Continued)**Foreign currency risks (Continued)

The Company's currency exposure is as follows:

	USD Rp'000	MYR Rp'000	IDR Rp'000	Total Rp'000
<b>Company</b>				
<b>31 December 2018</b>				
Total financial assets	41,248,816	1,215,056	107,137,536	149,601,408
Total financial liabilities	-	-	-	-
Net currency exposure of financial assets	41,248,816	1,215,056	107,137,536	149,601,408
<b>31 December 2017</b>				
Total financial assets	38,436,525	1,657,431	153,165,924	193,259,880
Total financial liabilities	-	-	-	-
Net currency exposure of financial assets	38,436,525	1,657,431	153,165,924	193,259,880
<b>1 January 2017</b>				
Total financial assets	32,649,849	-	189,266,536	221,916,385
Total financial liabilities	-	-	-	-
Net currency exposure of financial assets	32,649,849	-	189,266,536	221,916,385

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (31 December 2017: 3%, 1 January 2017: 5%) change in Singapore dollar, United States dollar, Malaysian ringgit and Indonesian rupiah against the Group entities' respective functional currency and the Company's sensitivity to a 5% (31 December 2017: 3%, 1 January 2017: 5%) change in United States dollar, Malaysian ringgit and Indonesian rupiah against the Company's functional currency (Singapore dollar). The sensitivity analysis assumes an instantaneous 5% (31 December 2017: 3%, 1 January 2017: 5%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, United States dollar and Indonesian rupiah are included in the analysis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 34.2 Financial risks (Continued)

#### (b) Market risks (Continued)

Foreign currency risks (Continued)

*Foreign currency sensitivity analysis* (Continued)

	Increase/(Decrease) profit or loss		
	31 December 2018 Rp'000	2017 Rp'000	1 January 2017 Rp'000
<b>Group</b>			
<i>Singapore dollar</i>			
Strengthened against Indonesian rupiah	540,881	443,849	(2,457,995)
Weakened against Indonesian rupiah	(540,881)	(443,849)	2,457,995
<i>United States dollar</i>			
Strengthened against Indonesian rupiah	3,619,481	2,029,120	1,915,721
Weakened against Indonesian rupiah	(3,619,481)	(2,029,120)	(1,915,721)
<i>Malaysian ringgit</i>			
Strengthened against Singapore dollar	60,753	49,723	–
Weakened against Singapore dollar	(60,753)	(49,723)	–
<i>Indonesian rupiah</i>			
Strengthened against Singapore dollar	6,295,546	4,594,978	3,942,988
Weakened against Singapore dollar	(6,295,546)	(4,594,978)	(3,942,988)
<b>Company</b>			
<i>United States dollar</i>			
Strengthened against Singapore dollar	2,062,441	1,153,096	979,495
Weakened against Singapore dollar	(2,062,441)	(1,153,096)	(979,495)
<i>Malaysian ringgit</i>			
Strengthened against Singapore dollar	60,753	49,723	–
Weakened against Singapore dollar	(60,753)	(49,723)	–
<i>Indonesian rupiah</i>			
Strengthened against Singapore dollar	5,356,877	4,594,978	5,677,996
Weakened against Singapore dollar	(5,356,877)	(4,594,978)	(5,677,996)

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 34.2 Financial risks (Continued)

#### (b) Market risks (Continued)

##### 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 (31 December 2017: 50 basis point, 1 January 2017: 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 (31 December 2017: 50 basis point, 1 January 2017: 50 basis point), profit before income tax of the Group, will increase or decrease by:

	Group		
	31 December		1 January
	2018	2017	2017
	Rp'000	Rp'000	Rp'000
Interest-bearing cash and cash equivalents	1,262,360	1,616,661	1,586,120

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

### 34.2 Financial risks (Continued)

#### (b) Market risks (Continued)

##### 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 29% (31 December 2017: 14%, 1 January 2017: 44%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by approximately Rp98,187,588,000 (31 December 2017: Rp62,487,783,000, 1 January 2017: 169,724,615,000).

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**34. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)****34.2 Financial risks (Continued)****(c) Liquidity risks (Continued)**

	Effective interest rate %	Within one financial year Rp'000	Between two to five financial years Rp'000
<b>Group</b>			
<b>Financial liabilities</b>			
<b>31 December 2018</b>			
Trade and other payables*	-	24,745,545	-
Finance lease payable	8.75%	25,580	-
Dividend payable to non-controlling interest	-	147,500	-
		<b>25,918,625</b>	<b>-</b>
<b>31 December 2017</b>			
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	-
		<b>38,686,034</b>	<b>25,580</b>
<b>1 January 2017</b>			
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	-
		<b>36,748,945</b>	<b>102,320</b>

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

	Effective interest rate %	Within one financial year Rp'000
<b>Company</b>		
<b>Financial liabilities</b>		
<b>31 December 2018</b>		
Trade and other payables	-	1,067,972
<b>31 December 2017</b>		
Trade and other payables	-	1,201,791
<b>1 January 2017</b>		
Trade and other payables	-	1,217,056



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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 categorises 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
<b>Group</b>			
<b>31 December 2018</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss	1,738,022	–	–
Biological assets	–	–	7,995,100
<b>31 December 2017</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss	1,729,290	–	–
Biological assets	–	–	1,689,697
<b>1 January 2017</b>			
<b>Assets</b>			
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 2018

## 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 SFRS(I) 13 *Fair Value Measurement* guidance.

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

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

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

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

Description	Fair value at 31	Valuation	Significant	Quantitative	Relationship of
	December 2018	technique	unobservable		
	Rp'000	used	input	information	fair value
Biological assets	7,995,100 (31 December 2017: 1,689,697, 1 January 2017: 2,373,420)	Income Approach (31 December 2017 and 1 January 2017: Market Approach)	FFB production yield	8,412.07 tonnes (31 December 2017: 1,165.13 tonnes, 1 January 2017: 1,434.31 tonnes)	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 2018

## 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 2018 and 2017.

## 37. CONVERGENCE TO SFRS(I)S

The Group has transited to SFRS(I)s on 1 January 2018. In transiting to SFRS(I)s, the Group is required to apply all of the specific transition requirement under SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The accounting policies set out in Note 2 to the financial statements comply with SFRS(I)s effective on 1 January 2018. These accounting policies have been applied in preparing the financial statements of the Group for the financial year ended 31 December 2018 as well as comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening statements of financial position at 1 January 2017 ("date of transition"). Except as described below, the transition from FRSs to SFRS(I)s do not have material financial impact on the comparative information disclosed in these financial statements.

### a) Adoption of SFRS(I)s

#### Deferred tax liabilities

The Group has recognised the deferred tax on foreign sourced income not remitted to Singapore to comply with current SFRS(I) 1 -12 Income tax as there is no exemption on non-recognition of tax liability on unremitted earnings under SFRS(I)s.

Accordingly, the Group and the Company has debited its retaining earning by Rp216,554,000 (1 January 2017: Rp195,277,000) and credited its deferred tax liabilities by Rp216,554,000 (1 January 2017: Rp195,277,000) as at 31 December 2017.

#### Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 on the Group's and the Company's financial position as at 1 January 2017 and 31 December 2017. There were no material adjustments to the Group's statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I)s.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 37. CONVERGENCE TO SFRS(I)S (CONTINUED)

## b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s

Group's statement of financial position

	At 1 January 2017		
	Reported under FRSs Rp'000	Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Bearer plants	109,105,613	–	109,105,613
Property, plant and equipment	129,735,933	–	129,735,933
Plasma plantation receivables	52,456,380	–	52,456,380
Operating use rights	606,081	–	606,081
Club memberships	604,430	–	604,430
Deferred charges	5,882,977	–	5,882,977
<b>Total non-current assets</b>	<b>298,391,414</b>	<b>–</b>	<b>298,391,414</b>
<b>Current assets</b>			
Biological assets	2,373,420	–	2,373,420
Inventories	48,808,518	–	48,808,518
Trade and other receivables	26,647,493	–	26,647,493
Contract assets	14,387,248	–	14,387,248
Prepayments	459,954	–	459,954
Financial assets at fair value through profit or loss	189,000	–	189,000
Cash and cash equivalent	372,943,082	–	372,943,082
<b>Total current assets</b>	<b>465,808,715</b>	<b>–</b>	<b>465,808,715</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. CONVERGENCE TO SFRS(I)S (CONTINUED)****b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)**Group's statement of financial position (Continued)

	At 1 January 2017		
	Reported under FRSs Rp'000	Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
<b>Current liabilities</b>			
Trade and other payables	58,325,862	–	58,325,862
Dividend payable to non-controlling interest	2,847,500	–	2,847,500
Finance lease liabilities	64,544	–	64,544
Current income tax payables	3,753,622	–	3,753,622
<b>Total current liabilities</b>	<b>64,991,528</b>	<b>–</b>	<b>64,991,528</b>
<b>Net current assets</b>	<b>400,817,187</b>	<b>–</b>	<b>400,817,187</b>
Less:			
<b>Non-current liabilities</b>			
Finance lease payable	95,891	–	95,891
Provisions for post-employment benefits	39,669,527	–	39,669,527
Deferred tax liabilities	3,253,001	195,277	3,448,278
<b>Total non-current liabilities</b>	<b>43,018,419</b>	<b>195,277</b>	<b>43,213,696</b>
<b>Net assets</b>	<b>656,190,182</b>	<b>195,277</b>	<b>655,994,905</b>
<b>Total liabilities and equity</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	660,381,631	–	660,381,631
Foreign currency translation reserve	81,461,691	7,924	81,469,615
Accumulated losses	(99,484,996)	(203,201)	(99,688,197)
<b>Equity attributable to owners of the parent</b>	<b>642,358,326</b>	<b>(195,277)</b>	<b>642,163,049</b>
Non-controlling interests	13,831,856	–	13,831,856
<b>Total equity</b>	<b>656,190,182</b>	<b>(195,277)</b>	<b>655,994,905</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. CONVERGENCE TO SFRS(I)S (CONTINUED)****b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)**Group's statement of financial position (Continued)

	At 31 December 2017		
	Reported	Effects of	Reported
	under FRSs	applying	under
	Rp'000	SFRS(I)s	SFRS(I)s
		Rp'000	Rp'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Bearer plants	110,076,428	–	110,076,428
Property, plant and equipment	133,449,817	–	133,449,817
Plasma plantation receivables	52,839,932	–	52,839,932
Operating use rights	547,223	–	547,223
Club memberships	658,679	–	658,679
Deferred charges	6,194,318	–	6,194,318
<b>Total non-current assets</b>	<b>303,766,397</b>	<b>–</b>	<b>303,766,397</b>
<b>Current assets</b>			
Biological assets	1,689,697	–	1,689,697
Inventories	40,215,065	–	40,215,065
Trade and other receivables	23,690,286	–	23,690,286
Contract assets	1,965,452	–	1,965,452
Prepayments	630,916	–	630,916
Financial assets at fair value through profit or loss	1,729,290	–	1,729,290
Cash and cash equivalent	382,844,694	–	382,844,694
<b>Total current assets</b>	<b>452,765,400</b>	<b>–</b>	<b>452,765,400</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. CONVERGENCE TO SFRS(I)S (CONTINUED)****b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)**Group's statement of financial position (Continued)

	At 31 December 2017		
	Reported under FRSs Rp'000	Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
<b>Current liabilities</b>			
Trade and other payables	38,550,237	–	38,550,237
Dividend payable to non-controlling interest	4,377,500	–	4,377,500
Finance lease liabilities	169,154	–	169,154
Current income tax payables	8,013,464	–	8,013,464
<b>Total current liabilities</b>	<b>51,110,355</b>	<b>–</b>	<b>51,110,355</b>
<b>Net current assets</b>	<b>401,655,045</b>	<b>–</b>	<b>401,655,045</b>
Less:			
<b>Non-current liabilities</b>			
Finance lease payable	25,093	–	25,093
Provisions for post-employment benefits	42,067,917	–	42,067,917
Deferred tax liabilities	5,169,652	216,554	5,386,206
<b>Total non-current liabilities</b>	<b>47,262,662</b>	<b>216,554</b>	<b>47,479,216</b>
<b>Net assets</b>	<b>658,158,780</b>	<b>216,554</b>	<b>657,942,226</b>
<b>Total liabilities and equity</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	648,501,310	–	648,501,310
Foreign currency translation reserve	112,481,865	(9,752)	112,472,113
Accumulated losses	(117,590,243)	(206,802)	(117,797,045)
<b>Equity attributable to owners of the parent</b>	<b>643,392,932</b>	<b>(216,554)</b>	<b>643,176,378</b>
Non-controlling interests	14,765,848	–	14,765,848
<b>Total equity</b>	<b>658,158,780</b>	<b>(216,554)</b>	<b>657,942,226</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 37. CONVERGENCE TO SFRS(I)S (CONTINUED)

### b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)

#### Group's statement of comprehensive income

	Reported under FRSs Rp'000	2017 Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
Revenue	460,279,845	–	460,279,845
Cost of sales	(348,948,642)	–	(348,948,642)
Gross profit	111,331,203	–	111,331,203
Other items of income/(expense)			
Interest income	13,855,202	–	13,855,202
Changes in fair value less estimated point-of-sale costs of biological assets	(683,723)	–	(683,723)
Other income	10,712,801	–	10,712,801
Distribution expenses	(833,120)	–	(833,120)
Administrative expenses	(46,580,014)	–	(46,580,014)
Finance cost	(22,987)	–	(22,987)
Other expenses	(17,910,171)	–	(17,910,171)
Profit before income tax	69,869,191	–	69,869,191
Income tax expense	(24,234,951)	(3,601)	(24,238,552)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. CONVERGENCE TO SFRS(I)S (CONTINUED)****b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)**Group's statement of comprehensive income (Continued)

	Reported under FRSs Rp'000	2017 Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
Profit for the financial year	45,634,240	(3,601)	45,630,639
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits	(5,601,492)	–	(5,601,492)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	1,400,373	–	1,400,373
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	31,020,174	(17,676)	31,002,498
Other comprehensive income for the financial year, net of tax	26,819,055	(17,676)	26,801,379
Total comprehensive income for the financial year	72,453,295	(21,277)	72,432,018
Profit attributable to:			
Owners of the parent	42,690,193	(3,601)	42,686,592
Non-controlling interest	2,944,047	–	2,944,047
	45,634,240	(3,601)	45,630,639
Total comprehensive income attributable to:			
Owners of the parent	69,719,303	(21,277)	69,698,026
Non-controlling interest	2,733,992	–	2,733,992
	72,453,295	(21,277)	72,432,018
	<b>Rp</b>		<b>Rp</b>
Earnings per share			
– Basic and diluted	216	–	216

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 37. CONVERGENCE TO SFRS(I)S (CONTINUED)

## b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)

Company's statement of financial position

	At 1 January 2017		
	Reported under FRSs Rp'000	Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	37,688	–	37,688
Investments in subsidiaries	631,820,942	–	631,820,942
Club memberships	604,430	–	604,430
<b>Total non-current assets</b>	<b>632,463,060</b>	<b>–</b>	<b>632,463,060</b>
<b>Current assets</b>			
Trade and other receivables	164,345,834	–	164,345,834
Dividend receivable	57,833,614	–	57,833,614
Prepayments	211,529	–	211,529
Cash and cash equivalent	158,744,236	–	158,744,236
<b>Total current assets</b>	<b>381,135,213</b>	<b>–</b>	<b>381,135,213</b>
<b>Current liabilities</b>			
Trade and other payables	1,217,056	–	1,217,056
Current income tax payables	520,173	–	520,173
<b>Total current liabilities</b>	<b>1,737,229</b>	<b>–</b>	<b>1,737,229</b>
<b>Net current assets</b>	<b>379,397,984</b>	<b>–</b>	<b>379,397,984</b>
Less:			
<b>Non-current liabilities</b>			
Deferred tax liabilities	–	195,277	195,277
<b>Total non-current liabilities</b>	<b>–</b>	<b>195,277</b>	<b>195,277</b>
<b>Net assets</b>	<b>1,011,861,044</b>	<b>(195,277)</b>	<b>1,011,665,767</b>
<b>Total liabilities and equity</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	660,381,631	–	660,381,631
Foreign currency translation reserve	275,365,297	7,924	275,373,221
Accumulated losses	76,114,116	(203,201)	75,910,915
<b>Total equity</b>	<b>1,011,861,044</b>	<b>(195,277)</b>	<b>1,011,665,767</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. CONVERGENCE TO SFRS(I)S (CONTINUED)****b) Reconciliation of the Group's statement of financial position and Group's statement of comprehensive income reported in accordance with FRSs to SFRS(I)s (Continued)**

Company's statement of financial position (Continued)

	At 31 December 2017		
	Reported under FRSs Rp'000	Effects of applying SFRS(I)s Rp'000	Reported under SFRS(I)s Rp'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	85,373	–	85,373
Investments in subsidiaries	688,529,042	–	688,529,042
Club memberships	658,679	–	658,679
<b>Total non-current assets</b>	<b>689,273,094</b>	<b>–</b>	<b>689,273,094</b>
<b>Current assets</b>			
Trade and other receivables	153,384,014	–	153,384,014
Dividend receivable	36,679,457	–	36,679,457
Prepayments	210,874	–	210,874
Cash and cash equivalent	177,467,335	–	177,467,335
<b>Total current assets</b>	<b>367,741,680</b>	<b>–</b>	<b>367,741,680</b>
<b>Current liabilities</b>			
Trade and other payables	1,201,791	–	1,201,791
Current income tax payables	1,266,691	–	1,266,691
<b>Total current liabilities</b>	<b>2,468,482</b>	<b>–</b>	<b>2,468,482</b>
<b>Net current assets</b>	<b>365,273,198</b>	<b>–</b>	<b>365,273,198</b>
Less:			
<b>Non-current liabilities</b>			
Deferred tax liabilities	–	216,554	216,554
<b>Total non-current liabilities</b>	<b>–</b>	<b>216,554</b>	<b>216,554</b>
<b>Net assets</b>	<b>1,054,546,292</b>	<b>(216,554)</b>	<b>1,054,329,738</b>
<b>Total liabilities and equity</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	648,501,310	–	648,501,310
Foreign currency translation reserve	363,093,570	(9,752)	363,083,818
Accumulated losses	42,951,412	(206,802)	42,744,610
<b>Total equity</b>	<b>1,054,546,292</b>	<b>(216,554)</b>	<b>1,054,329,738</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.27	250	0.00
100 – 1,000	191	10.29	161,825	0.08
1,001 – 10,000	1,104	59.48	5,405,450	2.76
10,001 – 1,000,000	551	29.69	29,420,975	14.99
1,000,001 AND ABOVE	5	0.27	161,283,500	82.17
<b>TOTAL</b>	<b>1,856</b>	<b>100.00</b>	<b>196,272,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GPR INVESTMENT HOLDINGS LIMITED	151,743,600	77.31
2	DBS NOMINEES (PRIVATE) LIMITED	3,169,350	1.61
3	RAFFLES NOMINEES (PTE.) LIMITED	2,634,950	1.34
4	OCBC SECURITIES PRIVATE LIMITED	2,545,600	1.30
5	LEE IN CHUN	1,190,000	0.61
6	LIM KUI TENG	1,000,000	0.51
7	NOMURA SINGAPORE LIMITED	882,000	0.45
8	CITIBANK NOMINEES SINGAPORE PTE LTD	859,500	0.44
9	SENG SOON HIANG	733,500	0.37
10	CHONG YEN CHAN	623,400	0.32
11	RHB SECURITIES SINGAPORE PTE. LTD.	610,000	0.31
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	522,525	0.27
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	500,000	0.25
14	SEE MENG HONG	400,000	0.20
15	GAN TIAM SIANG	347,900	0.18
16	NG TONG HUAT	305,600	0.16
17	LIM BOON SIANG	284,000	0.14
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	262,000	0.13
19	LIM CHOON THYE	260,000	0.13
20	PHILLIP SECURITIES PTE LTD	252,500	0.13
<b>TOTAL</b>		<b>169,126,425</b>	<b>86.16</b>

No. of issued shares:	206,484,000	
No. of issued shares (excluding Treasury Shares):	196,272,000	
No./Percentage of treasury shares:	10,212,000	4.95%
Number of shareholders:	1,857	

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

# STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%**	Deemed Interest	%
GPR Investment Holdings Limited***	151,743,600	77.31%	–	–

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 20 March 2019, excluding 10,212,000 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 Adjianto Family Shareholders (which includes our Executive Chairman and CEO, Dr Suparno Adjianto) through which they hold interests in our Company. GPR Investment is wholly-owned by the Adjianto 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 20 March 2019, approximately 22.69% 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 30 April 2019 at 2.00 p.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’ Statement and the Audited Accounts of the Company and the Group for the financial year ended 31 December 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:
  - Dr Tan Hong Kiat @ Dr Suparno Adijanto (Retiring under Regulation 89) **(Resolution 2)**
  - Mr Guok Chin Huat Samuel (Retiring under Regulation 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 2019 to be paid quarterly in arrears. (2018: 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 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:

6. 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

- (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**”)

# NOTICE OF ANNUAL GENERAL MEETING

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 Constitution 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 6)**

## 7. Renewal of Share Buyback 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 Buyback Mandate"**)

# NOTICE OF ANNUAL GENERAL MEETING

- (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

**"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 7)**

By Order of the Board

Dr Tan Hong Kiat @ Suparno Adijanto  
Executive Chairman and Chief Executive Officer  
Singapore, 15 April 2019



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Dr Tan Hong Kiat @ Suparno Adjianto will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Board and Member of the Nominating Committee.
- (ii) Guok Chin Huat Samuel will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration and Risk Committees, and Member of the Audit and Nominating Committees. Mr Guok Chin Huat Samuel will be considered independent.
- (iii) Resolution 6, 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 7, 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 Buyback 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 Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2018 are set out in greater detail in the Letter to Shareholders dated 15 April 2019 attached to this Annual Report.

## Notes:

1. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the 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.
2. 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.
3. A proxy need not be a Member of the Company.
4. 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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 30 April 2019 at 2.00 p.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 2018		
2.	Re-election of Dr Tan Hong Kiat @ Suparno Adijanto as a Director		
3.	Re-election of Mr Guok Chin Huat Samuel as a Director		
4.	Approval of Directors' fees amounting to S\$185,000 for financial year ending 31 December 2019 to be paid quarterly in arrears		
5.	Re-appointment of Messrs BDO LLP as Auditors		
6.	Authority to issue new shares		
7.	Renewal of Share Buyback Mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature of Shareholder(s)

or Common Seal of Corporate Shareholder

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

\*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.

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**GLOBAL PALM RESOURCES  
HOLDINGS LIMITED**

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