

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

1(a)(i) Consolidated Statements of Profit or Loss and Other Comprehensive Income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	3rd Qtr 2019	3rd Qtr 2018	Change	YTD Sept 2019	YTD Sept 2018	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Revenue	83,753,917	64,778,734	29	206,457,999	245,326,329	-16
Cost of sales	(78,886,540)	(57,727,359)	37	(207,442,695)	(209,517,867)	-1
Gross profit/(loss)	4,867,377	7,051,375	-31	(984,696)	35,808,462	n.m
Operating expenses						
Distribution expenses	(471,511)	(72,338)	552	(781,623)	(416,792)	88
Administrative expenses	(10,081,191)	(9,759,539)	3	(31,736,733)	(33,242,152)	-5
Finance costs	(192,663)	(1,285)	14,893	(567,989)	(6,171)	9,104
	(10,745,365)	(9,833,162)	9	(33,086,345)	(33,665,115)	-2
Other items of income/(expenses)						
Interest income	1,516,566	2,317,874	-35	5,600,495	8,047,990	-30
Other income	451,868	137,140	229	3,847,750	1,039,015	270
Other expenses	(269,485)	(256,962)	5	(1,180,680)	(3,150,882)	-63
Foreign exchange gain/(loss), net	2,699,127	(1,742,509)	n.m	2,993,417	(4,369,695)	n.m
	4,398,076	455,543	865	11,260,982	1,566,428	619
(Loss)/profit before income tax	(1,479,912)	(2,326,244)	-36	(22,810,059)	3,709,775	n.m
Income tax expense	(90,386)	(571,772)	-84	(795,787)	(3,020,356)	-74
(Loss)/profit for the financial period	(1,570,298)	(2,898,016)	-46	(23,605,846)	689,419	n.m
n.m.: Not meaningful						



GLOBAL PALM RESOURCES HOLDINGS LIMITED

	3rd Qtr 2019	3rd Qtr 2018	Change	YTD Sept 2019	YTD Sept 2018	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Other comprehensive (loss)/income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	(5,527,410)	10,721,618	n.m.	(10,113,970)	24,846,864	n.m.
Total comprehensive (loss)/income for the financial period	<u>(7,097,708)</u>	<u>7,823,602</u>	n.m.	<u>(33,719,816)</u>	<u>25,536,283</u>	n.m.
(Loss)/profit attributable to:						
Owners of the parent	(1,346,354)	(2,931,716)	-54	(22,220,988)	287,416	n.m.
Non-controlling interests	(223,944)	33,700	n.m.	(1,384,858)	402,003	n.m.
	<u>(1,570,298)</u>	<u>(2,898,016)</u>	-46	<u>(23,605,846)</u>	<u>689,419</u>	n.m.
Total comprehensive (loss)/income attributable to:						
Owners of the parent	(6,873,764)	7,789,902	n.m.	(32,334,958)	25,134,280	n.m.
Non-controlling interests	(223,944)	33,700	n.m.	(1,384,858)	402,003	n.m.
	<u>(7,097,708)</u>	<u>7,823,602</u>	n.m.	<u>(33,719,816)</u>	<u>25,536,283</u>	n.m.

1(a)(ii) (Loss)/profit before income tax is arrived at after charging / (crediting) the following significant items:

	3rd Qtr 2019	3rd Qtr 2018	Change	YTD Sept 2019	YTD Sept 2018	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Interest income	(1,516,566)	(2,317,874)	-35	(5,600,495)	(8,047,990)	-30
Finance costs	192,663	1,285	14,893	567,989	6,171	9,104
Depreciation of property, plant and equipment	3,317,056	3,049,542	9	9,849,846	9,073,149	9
Amortisation of operating use rights	10,828	10,828	n.m.	32,484	32,483	n.m.
Depreciation of bearer plants	1,560,987	2,293,705	-32	4,711,304	6,881,115	-32
Foreign exchange (gain)/loss, net	(2,699,127)	1,742,509	n.m.	(2,993,417)	4,369,695	n.m.
(Gain)/loss on disposal of plant and equipment, net	-	(13,850)	-100	(105,804)	1,534	n.m.
Property, plant and equipment written off	-	-	n.m.	161,479	-	100
Gain on disposal of bearer plants	(410,166)	-	100	(410,166)	-	100
Loss allowance on plasma receivables	-	-	n.m.	-	1,132,813	-100
Fair value loss/(gain) from financial assets at fair value through profit of loss	(6,300)	165,380	n.m.	(208,152)	446,387	n.m.
Employment benefits expenses						
- salaries, wages and bonuses	6,199,190	6,274,009	-1	21,023,022	23,298,154	-10
Operating lease expenses						
- rental of premises	6,204	284,383	-98	22,871	836,796	-97
Representation and entertainment	347,629	175,069	99	1,032,679	588,988	75
Transportation, travelling and accommodation	343,148	257,303	33	960,825	691,885	39
Loss/(gain) on disposal of club memberships	422	(303,033)	n.m.	(78,415)	(303,033)	-74
Additional information:						
EBITDA (Excluding changes in fair value less estimated point-of-sales costs of biological assets)	2,085,056	711,242	193	(13,248,931)	11,654,703	n.m.

1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year

	Group	
	As at	
	30/9/2019	31/12/2018
	Rp '000	Rp '000
Non-current assets		
Bearer plants	125,309,903	115,155,542
Property, plant and equipment	141,901,467	134,815,574
Right-of-use assets	671,950	-
Plasma plantation receivables	56,388,685	49,508,501
Operating use rights	471,429	503,912
Deferred charges	34,773,880	9,713,818
	359,517,314	309,697,347
Current assets		
Biological assets	7,995,100	7,995,100
Inventories	25,655,510	55,091,239
Trade and other receivables	14,584,153	42,455,294
Current income tax recoverable	19,582,792	15,816,533
Prepayments	3,550,593	2,856,978
Financial assets at fair value through profit or loss	134,820	1,738,022
Cash and cash equivalents	265,965,692	289,091,103
	337,468,660	415,044,269
Less:		
Current liabilities		
Trade and other payables	38,518,676	30,782,695
Lease liabilities	158,027	-
Dividend payable to non-controlling interest	147,500	147,500
Finance lease payables	97,297	25,093
Current income tax payable	-	1,254,760
	38,921,500	32,210,048
Net current asset	298,547,160	382,834,221
Less:		
Non-current liabilities		
Trade and other payables	7,658	-
Lease liabilities	701,232	-
Finance lease payables	482,911	-
Provision for post-employment benefits	27,546,395	29,657,159
Deferred tax liabilities	10,191,671	10,005,253
	38,929,867	39,662,412
Net assets	619,134,607	652,869,156
Capital and reserves		
Share capital	647,041,445	647,867,864
Capital Reserve	(409,819)	-
Foreign currency translation reserve	118,487,221	128,601,191
Accumulated losses	(163,220,827)	(140,999,839)
Equity attributable to owners of the parent	601,898,020	635,469,216
Non-controlling interests	17,236,587	17,399,940
Total equity	619,134,607	652,869,156

1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year

	Company	
	As at	
	30/9/2019	31/12/2018
	Rp '000	Rp '000
Non-current assets		
Property, plant and equipment	64,017	109,038
Right-of-use assets	576,747	-
Investments in subsidiaries	743,412,060	768,439,502
	744,052,824	768,548,540
Current assets		
Trade and other receivables	257,367,822	201,103,799
Dividend receivable	30,974,104	34,667,609
Prepayments	506,944	257,253
Cash and cash equivalents	14,200,157	74,733,568
	303,049,027	310,762,229
Less:		
Current liabilities		
Trade and other payables	776,410	1,067,972
Lease liabilities	144,827	-
	921,237	1,067,972
Net current asset	302,127,790	309,694,257
Less:		
Non-current liabilities		
Lease liabilities	584,691	-
Deferred tax liabilities	219,206	226,585
	803,897	226,585
Net assets	1,045,376,717	1,078,016,212
Capital and reserves		
Share capital	647,041,445	647,867,864
Foreign currency translation reserve	376,481,944	411,623,356
Accumulated profits	21,853,328	18,524,992
Total equity	1,045,376,717	1,078,016,212

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

	As at	
	30/9/2019	30/9/2018
	Rp '000	Rp '000
Amount repayable in one year or less, or on demand		
Secured	97,297	18,318
Unsecured	-	-
Total	97,297	18,318
Amount repayable after one year		
Secured	482,911	25,093
Unsecured	-	-
Total	482,911	25,093

1(c) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year

	3rd Qtr 2019 Rp '000	3rd Qtr 2018 Rp '000	YTD Sept 2019 Rp '000	YTD Sept 2018 Rp '000
Cash flows from operating activities				
(Loss)/profit before income tax	(1,479,912)	(2,326,244)	(22,810,059)	3,709,775
Adjustments for:				
Amortisation of operating use rights	10,828	10,828	32,484	32,483
Changes in fair value of financial assets at fair value through profit or loss	(6,300)	165,380	(208,152)	446,387
Depreciation of property, plant and equipment	3,317,056	3,049,542	9,849,846	9,073,149
Depreciation of bearer plants	1,560,987	2,293,705	4,711,304	6,881,115
Loss/(gain) on disposal of club membership	422	(303,033)	(78,415)	(303,033)
Gain on disposal of bearer plants	(410,166)	-	(410,166)	-
(Gain)/loss on disposal of plant and equipment, net	-	(13,850)	(105,804)	1,534
Loss allowance on plantation receivables	-	-	-	1,132,813
Property, plant and equipment written off	-	-	161,479	-
Interest expense	192,663	1,285	567,989	6,171
Interest income	(1,516,566)	(2,317,874)	(5,600,495)	(8,047,990)
Unrealised currency translation (gain)/loss	(3,429,154)	2,613,271	(3,923,370)	3,372,052
Operating cash flows before working capital changes	(1,760,142)	3,173,010	(17,813,359)	16,304,456
Working capital changes:				
Inventories	18,823,822	(31,323,451)	29,435,729	(49,601,902)
Trade and other receivables	(2,202,452)	(10,168,504)	2,193,769	(5,923,506)
Prepayments	(35,359)	(121,989)	(707,206)	(429,709)
Trade and other payables	805,455	20,542,882	7,717,555	12,460,950
Utilisation of post-employment benefits	(8,107)	-	(2,110,765)	(10,623,729)
Cash used in operations	15,623,217	(17,898,052)	18,715,723	(37,813,440)
Interest received	507,874	1,032,279	2,339,958	4,017,672
Income tax paid	(1,228)	(4,220,245)	(5,024,050)	(16,467,891)
Net cash generated from/(used in) operating activities	16,129,863	(21,086,018)	16,031,631	(50,263,659)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-	-	(352,552)	-
Capital expenditure on bearer plants	(6,929,166)	(3,578,403)	(16,105,281)	(10,572,589)
Disposal of financial assets at fair value through profit or loss	-	-	1,811,354	-
Purchases of property, plant and equipment	(4,919,089)	(4,303,332)	(15,923,581)	(11,382,852)
Proceeds from disposal of property, plant and equipment	-	68,563	230,431	115,913
Proceeds from disposal of club membership	(422)	-	78,415	-
Payments for deferred expenditure	(272,516)	-	(270,740)	-
Net cash used in investing activities	(12,121,193)	(7,813,172)	(30,531,954)	(21,839,528)

1(c) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	3rd Qtr 2019 Rp '000	3rd Qtr 2018 Rp '000	YTD Sept 2019 Rp '000	YTD Sept 2018 Rp '000
Cash flows from financing activities				
Dividends paid to owners of the parent	-	-	-	(20,515,925)
Dividends paid to non-controlling interest	-	(3,220,000)	-	(4,230,000)
Capital injection from non-controlling interest of subsidiary	-	2,500,000	-	2,500,000
Shares buy back held in treasury	(81,385)	-	(826,419)	(582,483)
Repayments of lease liabilities	(100,571)	-	(299,378)	-
Lease liabilities interest paid	(178,702)	-	(537,544)	-
Finance lease interest paid	(13,961)	(1,285)	(30,445)	(6,171)
Repayments of obligations under finance leases	(95,218)	(17,900)	(249,885)	(150,836)
Net cash used in financing activities	(469,837)	(739,185)	(1,943,671)	(22,985,415)
Net change in cash and cash equivalents	3,538,833	(29,638,375)	(16,443,994)	(95,088,602)
Cash and cash equivalents at beginning of financial period	264,721,992	330,387,405	289,091,103	382,844,694
Effects of currency translation on cash and cash equivalents	(2,295,133)	7,992,567	(6,681,417)	20,985,505
Cash and cash equivalents at end of financial period	<u>265,965,692</u>	<u>308,741,597</u>	<u>265,965,692</u>	<u>308,741,597</u>

Reconciliation of liabilities arising from financing activities

	1 January 2019 Rp '000	Cash flow Rp '000	Non-cash changes Rp '000				30 September 2019 Rp '000
			Acquisition	Adoption of SFRS(I) 16 Leases	Accretion in interest	Foreign exchange difference	
Finance lease liabilities	25,093	(280,330)	805,000	-	30,445	-	580,208
Lease liabilities	-	(836,922)	-	1,161,632	537,544	(2,995)	859,259

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to owners of the parent							Total equity Rp '000
	Share capital Rp '000	Capital reserve Rp '000	Foreign currency translation reserve Rp '000	Accumulated losses Rp '000	Equity attributable to owners of the parent Rp '000	Non-controlling interests Rp '000		
Balance as at 1 January 2019	647,867,864	-	128,601,191	(140,999,839)	635,469,216	17,399,940	652,869,156	
Loss for the financial period	-	-	-	(22,220,988)	(22,220,988)	(1,384,858)	(23,605,846)	
Other comprehensive loss for the financial period:								
Currency translation differences	-	-	(10,113,970)	-	(10,113,970)	-	(10,113,970)	
Total comprehensive loss for the financial period	-	-	(10,113,970)	(22,220,988)	(32,334,958)	(1,384,858)	(33,719,816)	
Contribution by and distribution to owners of the parent:								
Shares buy back held in treasury	(826,419)	-	-	-	(826,419)	-	(826,419)	
Acquisition of a subsidiary		(409,819)	-	-	(409,819)	-	(409,819)	
Total transactions with owners of the parent, recognised directly in equity	(826,419)	(409,819)	-	-	(1,236,238)	-	(1,236,238)	
Changes in ownership interests in subsidiary:								
Acquisition of a subsidiary	-	-	-	-	-	1,221,505	1,221,505	
Total changes in ownership interests in subsidiary	-	-	-	-	-	1,221,505	1,221,505	
Balance as at 30 September 2019	647,041,445	(409,819)	118,487,221	(163,220,827)	601,898,020	17,236,587	619,134,607	

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to owners of the parent						Non-controlling interests Rp '000	Total equity Rp '000
	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated (losses)/profits Rp '000	Equity attributable to owners of the parent Rp '000				
Balance as at 1 January 2018	648,501,310	112,472,113	(117,797,045)	643,176,378	14,765,848		657,942,226	
Profit for the financial period	-	-	287,416	287,416	402,003		689,419	
Other comprehensive income for the financial period:								
Currency translation differences	-	24,846,864	-	24,846,864	-		24,846,864	
Total comprehensive income for the financial period	-	24,846,864	287,416	25,134,280	402,003		25,536,283	
Contribution by and distribution to owners of the parent:								
Shares buy back held in treasury	(612,097)	-	-	(612,097)	-		(612,097)	
Dividend to owners of the parent	-	-	(20,515,925)	(20,515,925)	-		(20,515,925)	
Total transactions with owners of the parent, recognised directly in equity	(612,097)	-	(20,515,925)	(21,128,022)	-		(21,128,022)	
Changes in ownership interests in subsidiary:								
Capital injection from non-controlling interest in subsidiary	-	-	-	-	2,500,000		2,500,000	
Total changes in ownership interests in subsidiary	-	-	-	-	2,500,000		2,500,000	
Balance as at 30 September 2018	647,889,213	137,318,977	(138,025,554)	647,182,636	17,667,851		664,850,487	

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated profits/(losses) Rp '000	Total equity Rp '000
Balance as at 1 January 2019	647,867,864	411,623,356	18,524,992	1,078,016,212
Profit for the financial period	-	-	3,328,336	3,328,336
Other comprehensive loss for the financial period:				
Currency translation differences	-	(35,141,412)	-	(35,141,412)
Total comprehensive loss for the financial period	-	(35,141,412)	3,328,336	(31,813,076)
Contribution by and distribution to owners of the parent:				
Shares buy back held in treasury	(826,419)	-	-	(826,419)
Total transactions with owners of the parent, recognised directly in	(826,419)	-	-	(826,419)
Balance as at 30 September 2019	647,041,445	376,481,944	21,853,328	1,045,376,717
Balance as at 1 January 2018	648,501,310	363,083,818	42,744,610	1,054,329,738
Loss for the financial period	-	-	(5,295,294)	(5,295,294)
Other comprehensive income for the financial period:				
Currency translation differences	-	80,569,034	-	80,569,034
Total comprehensive income for the financial period	-	80,569,034	(5,295,294)	75,273,740
Contribution by and distribution to owners of the parent:				
Shares buy back held in treasury	(612,097)	-	-	(612,097)
Dividend to owners of the parent	-	-	(20,515,925)	(20,515,925)
Total transactions with owners of the parent, recognised directly in equity	(612,097)	-	(20,515,925)	(21,128,022)
Balance as at 30 September 2018	647,889,213	443,652,852	16,933,391	1,108,475,456

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 30 September 2019, the number of ordinary shares in issue was 206,484,000 of which 10,585,700 were held by the Company as treasury shares (30 September 2018: 206,484,000 ordinary shares of which 10,202,000 were held as treasury shares).

During the period from July 2019 to September 2019, the Company purchased 15,000 shares from the open market (July 2018 to September 2018: The Company did not purchase any shares from the open market).

The total number of treasury shares held by the Company as at 30 September 2019 was 10,585,700 (30 September 2018: 10,202,000).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of treasury shares	Treasury shares Rp '000
Balance as at 1 January 2019	10,212,000	33,949,182
Purchase of treasury shares	373,700	826,419
Balance as at 30 September 2019	10,585,700	34,775,601

Total number of treasury shares against issued shares (excluding treasury shares):

Number of shares	As at 30 September 2019	As at 30 September 2018
Treasury shares	10,585,700	10,202,000
Issued shares (excluding treasury shares)	195,898,300	196,282,000
Total shares in issue	206,484,000	206,484,000

	As at 30 September 2019	As at 30 September 2018
Percentage of treasury shares	5.4%	5.2%

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares (excluding treasury shares):

As at 30 September 2019	As at 31 December 2018
195,898,300	196,272,000

As at 30 September 2019, the number of ordinary shares in issue was 206,484,000 of which 10,585,700 were held by the Company as treasury shares (31 December 2018: 206,484,000 ordinary shares of which 10,212,000 were held as treasury shares).

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period from July 2019 to September 2019, the Company purchased 15,000 shares from the open market (July 2018 to September 2018: The Company did not purchase any shares from the open market).

The total number of treasury shares held by the Company as at 30 September 2019 was 10,585,700 (30 September 2018: 10,202,000).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of shares	Treasury shares Rp '000
Balance as at 1 January 2019	10,212,000	33,949,182
Purchase of treasury shares	373,700	826,419
Balance as at 30 September 2019	10,585,700	34,775,601

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice has been followed.

These figures have not been audited, or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 December 2018, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period except for adoption of SFRS(I) 16 *Leases* where the Group has applied a simplified transition approach and will follow a modified retrospective approach as of 1 January 2019. The Group has recognised right-of-use assets of Rp1.2 billion and lease liabilities of Rp1.2 billion for its leases previously classified as operating leases as of 1 January 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends; (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<u>3rd Qtr 2019</u>	<u>3rd Qtr 2018</u>	<u>YTD Sept 2019</u>	<u>YTD Sept 2018</u>
	Rp	Rp	Rp	Rp
Earnings per share for the period (Rp)				
(a) based on weighted average number of shares	(7)	(15)	(113)	1
(b) based on a fully diluted basis	(7)	(15)	(113)	1
Number of shares outstanding				
- Weighted average number of shares	195,899,713	196,282,000	196,065,505	196,346,307

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the; (a) current financial period reported on; and (b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	<u>30 September 2019</u>	<u>31 December 2018</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
Net asset value per ordinary share (Rp)	3,160	3,326	5,336	5,492
Number of issued shares excluding treasury shares	195,898,300	196,272,000	195,898,300	196,272,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following; (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance

3Q2019 versus 3Q2018

Revenue

The Group's revenue for 3Q2019 increased Rp19.0 billion or 29%, from Rp64.8 billion in 3Q2018 to Rp83.8 billion in 3Q2019, mainly contributed by increase in sales volume of crude palm oil ("CPO") and palm kernel ("PK"). Revenue from CPO and PK increased Rp14.3 billion and Rp4.6 billion respectively as compared to 3Q2018.

The increase in CPO sales revenue of Rp14.3 billion or 24%, from Rp60.6 billion in 3Q2018 to Rp74.9 billion in 3Q2019, was mainly contributed by an increase in CPO sales volume from 9,006 tonnes (3Q2018) to 12,004 tonnes (3Q2019). This represented an increase of 131% in CPO sales revenue for 3Q2019. However, the decrease in CPO average selling price from Rp6,724/kg (3Q2018) to Rp6,238/kg (3Q2019) offset the 3Q2019 CPO sales revenue by 31%.

The increase in PK sales revenue of Rp4.7 billion or 110%, from Rp4.2 billion in 3Q2018 to Rp8.9 billion in 3Q2019, was mainly contributed by an increase in PK sales volume from 1,000 tonnes (3Q2018) to 3,116 tonnes (3Q2019). This represented an increase of 130% in PK sales revenue for 3Q2019. However, the decrease in PK average selling price from Rp4,225/kg (3Q2018) to Rp2,845/kg (3Q2019) offset the 3Q2019 PK sales revenue by 30%.

The increase in sales volume was mainly from the sell-down of inventory brought forward from 1H2019, offset by lower production from the implementation of the Group's replanting program.

Costs of sales

Cost of sales increased by Rp21.2 billion or 37%, from Rp57.7 billion in 3Q2018 to Rp78.9 billion in 3Q2019. This was mainly attributable to the increase in CPO sales volume in 3Q2019.

Gross profit

As a result of the foregoing, gross profit decreased by Rp2.2 billion or 31% from Rp7.1 billion in 3Q2018 to Rp4.9 billion in 3Q2019. Gross profit margin decreased by 5.1% from 10.9% in 3Q2018 to 5.8% in 3Q2019.

Distribution expenses

Distribution expenses increased by Rp0.4 billion or 552% from Rp0.1 billion (3Q2018) to Rp0.5 billion (3Q2019). This was mainly due to the increase in freight and stevedoring costs of Rp0.4 billion, as there were some PK which was sold CIF to the loading port of Pontianak in 3Q2019 while PK was sold FOB from the plantation's bulk storage warehouse in Matan in 3Q2018.

Administrative expenses

Administrative expenses increased Rp0.3 billion or 3%, from Rp9.8 billion (3Q2018) to Rp10.1 billion (3Q2019). This was mainly due to increase in levy and contribution costs of Rp0.1 billion and depreciation expenses of Rp0.2 billion. The increase in depreciation expense was due to the adoption of SFRS(I) 16 Leases with effect from 1 January 2019.

Finance costs

Finance cost increased by Rp0.2 billion mainly due to the adoption of SFRS(I) 16 *Leases* with effect from 1 January 2019.

Interest income

Interest income decreased by Rp0.8 billion or 35%, from Rp2.3 billion (3Q2018) to Rp1.5 billion (3Q2019). This was mainly due to decrease in interest earned from bank deposits of Rp0.6 billion attributable to the decrease in cash and cash equivalents. Interest earned from the plasma plantation receivables decreased by Rp0.2 billion from Rp1.2 billion (3Q2018) to Rp1.0 billion (3Q2019).

Other income

Other income increased by Rp0.3 billion in 3Q2019 was mainly due to increase in fair value gain from financial assets at fair value through profit or loss of Rp0.2 billion and gain on disposal of matured plantation under the Plasma program of Rp0.4 billion. This was offset by a decrease in insurance claim of Rp0.3 billion.

Other expenses

Other expenses remained stable at Rp0.3 billion in both 3Q2019 and 3Q2018.

Foreign exchange gain, net

Net foreign exchange gain of Rp2.7 billion in 3Q2019 was mainly due to the appreciation of IDR and USD against SGD in relation to the Company's IDR and USD bank balances held as well as the IDR denominated inter-company non-working capital financing for its subsidiary.

(Loss)/profit before income tax

As a result of the foregoing, loss before income tax decreased by Rp0.8 billion or 36%, from Rp2.3 billion in 3Q2018 to Rp1.5 billion in 3Q2019.

Income tax expense

Income tax expense decreased by Rp0.5 billion to decrease in deferred tax liability in 3Q2019.

(Loss)/profit after income tax

As a result of the above, loss after income tax decreased by Rp1.3 billion or 46%, from Rp2.9 billion in 3Q2018 to Rp1.6 billion in 3Q2019.

9M2019 versus 9M2018

Revenue

The Group's revenue for 9M2019 decreased by Rp38.9 billion or 16%, from Rp245.3 billion in 9M2018 to Rp206.4 billion in 9M2019, mainly contributed by decrease in CPO sales volume and average selling price and PK average selling price, offset by an increase in PK sales volume. Revenue from CPO and PK decreased Rp34.8 billion and Rp4.1 billion respectively as compared to 9M2018.

The decrease in CPO sales revenue of Rp34.7 billion or 16%, from Rp218.6 billion in 9M2018 to Rp183.9 billion in 9M2019, was mainly attributable to a decrease in CPO sales volume and average selling price. CPO sales volume decreased from 30,018 tonnes (9M2018) to 29,016 tonnes (9M2019). This contributed to a decrease of 18% in CPO sales revenue for 9M2019. CPO average selling price decreased from Rp7,283/kg (9M2018) to Rp6,337/kg (9M2019) and this contributed to a decrease of 82% in CPO sales revenue for 9M2019.

The decrease in PK sales revenue of Rp4.1 billion or 15%, from Rp26.7 billion in 9M2018 to Rp22.6 billion in 9M2019, was mainly attributable to a decrease in PK average selling price, offset by an increase in PK sales volume. PK average selling price decreased from Rp5,344/kg (9M2018) to Rp3,065/kg (9M2019) and this contributed to a decrease of 276% in PK sales revenue for 9M2019. This was offset by increase in PK sales volume from 5,000 tonnes (9M2018) to 7,371 tonnes (9M2019), which contributed to an increase of 176% in PK sales revenue for 9M2019.

The decrease in sales revenue is mainly due to unfavourable market conditions coupled with lower production from the implementation of the Group's replanting program.

Costs of sales

Cost of sales decreased by Rp2.1 billion or 1%, from Rp209.5 billion in 9M2018 to Rp207.4 billion in 9M2019. This was mainly attributable to the decrease in CPO sales volume in 9M2019.

Gross (loss)/profit

As a result of the foregoing, the Group incurred a gross loss of Rp0.9 billion in 9M2019, as compared to a gross profit of Rp35.8 billion in 9M2018. Gross profit margin decreased by 15.1% from 14.6% in 9M2018 to gross loss margin of 0.5% in 9M2019.

Distribution expenses

Distribution expenses increased by Rp0.4 billion or 88% from Rp0.4 billion (9M2018) to Rp0.8 billion (9M2019). This was mainly due to the increase in freight and stevedoring costs of Rp0.4 billion, as there were some PK which was sold CIF to the loading port of Pontianak in 9M2019 while PK was sold FOB from the plantation's bulk storage warehouse in Matan in 9M2018.

Administrative expenses

Administrative expenses decreased Rp1.5 billion or 5% from Rp33.2 billion in 9M2018 to Rp31.7 billion in 9M2019. The was mainly due to decrease in salaries and wages for the Group of Rp2.3 billion and offset by increase in depreciation expenses of Rp0.5 billion in 9M2019. The increase in depreciation expense was due to the adoption of SFRS(I) 16 Leases with effect from 1 January 2019.

Finance costs

Finance cost increased by Rp0.6 billion mainly due to the adoption of SFRS(I) 16 Leases with effect from 1 January 2019.

Interest income

Interest income decreased by Rp2.4 billion or 30%, from Rp8.0 billion (9M2018) to Rp5.6 billion (9M2019). This was mainly due to decrease in interest earned from bank deposits of Rp1.8 billion attributable to the decrease in cash and cash equivalents. Interest earned from the plasma plantation receivables decreased by Rp0.6 billion from Rp3.9 billion (9M2018) to Rp3.3 billion (9M2019).

Other income

Other income increased by Rp2.8 billion or 270% from Rp1.0 billion in 9M2018 to Rp3.8 billion in 9M2019. This was mainly due to increase in sales of sludge oil of Rp2.8 billion in 9M2019.

Other expenses

Other expenses decreased by Rp2.0 billion or 63%, as there was no loss allowance made in 2019 for impairment of plasma receivables compared to a loss allowance for impairment of plasma receivables of Rp1.1 billion in 9M2018. There was also a decrease in land application expenses of Rp1.5 billion in 9M2019. The decrease was offset by an increase in areal survey expenses of Rp0.2 billion and increase in fixed assets written-off of Rp0.2 billion in 9M2019.

Foreign exchange gain/(loss), net

Net foreign exchange gain of Rp3.0 billion in 9M2019 was mainly due to the appreciation of IDR and USD against SGD in relation to the Company's IDR and USD bank balances held as well as the IDR denominated inter-company non-working capital financing for its subsidiary.

(Loss)/profit before income tax

As a result of the foregoing, the Group incurred a loss before income tax of Rp22.8 billion in 9M2019, compared to a profit before income tax of Rp3.7 billion in 9M2018.

Income tax expense

Income tax expense decreased by Rp2.2 billion mainly due to the lower profit generated.

(Loss)/profit after income tax

As a result of the above, the Group incurred a loss after income tax of Rp23.6 billion in 9M2019 compared to a profit after income tax of Rp0.7 billion in 9M2018.

Review of Financial Position as at 30 September 2019

Non-current assets

Non-current assets for the Group increased by Rp49.8 billion or 16%, from Rp309.7 billion as at 31 December 2018 to Rp359.5 billion as at 30 September 2019. This was mainly due to increase in deferred charges of Rp25.1 billion which resulted from the acquisition of PT Bumi Raya Agro in 9M2019. There was also an increase in bearer plants of Rp10.1 billion, increase in property, plant and equipment of Rp7.1 billion, and increase in the credit extended to the Plasma farmers for the biological assets transferred of Rp6.9 billion.

Current assets

Current assets for the Group decreased by Rp77.6 billion or 19%, from Rp415.0 billion as at 31 December 2018 to Rp337.4 billion as at 30 September 2019. This was mainly due to the decrease in inventories of Rp29.4 billion from lower production in 9M2019, decrease in trade and other receivables of Rp27.9 billion and decrease in cash and cash equivalents of Rp23.1 billion. The decrease in cash and cash equivalents was mainly due to the acquisition of PT Bumi Raya Agro for the purchase consideration of Rp23.6 billion and lower profit generated in 9M2019. This was offset by an increase in income tax recoverable of Rp3.8 billion in 9M2019.

Current liabilities

Current liabilities for the Group increased by Rp6.7 billion or 21%, from Rp32.2 billion as at 31 December 2018 to Rp38.9 billion as at 30 September 2019. This was mainly due to increase in trade and other payable of Rp7.7 billion offset by a decrease in income tax payable of Rp1.3 billion in 9M2019.

Non-current liabilities

Non-current liabilities for the Group decreased by Rp0.7 billion or 2% from Rp39.7 billion as at 31 December 2018 to Rp39.0 billion as at 30 September 2019, mainly due to decrease in provision for post-employment benefits of Rp2.1 billion. This was offset by increase in lease liabilities of Rp0.7 billion with the adoption of SFRS(I) 16 *Leases*, increase in finance lease payables of Rp0.5 billion and increase in deferred tax liabilities of Rp0.2 billion.

Accumulated losses

The accumulated losses of Rp163.2 billion was mainly contributed by the accumulated losses of Rp141.0 billion brought forward from FY2018, and loss attributable to owners of the parent of Rp22.2 billion in 9M2019.

Review of Consolidated Cash Flows

Net cash generated from operating activities of Rp16.0 billion in 9M2019 was mainly due to the sell-down of inventories from FY2018 of Rp29.4 billion, increase in trade and other payables of Rp7.7 billion. This was offset by operating cash flows used before working capital changes of Rp17.8 billion in 9M2019, increase in income tax recoverable of Rp3.7 billion payment of income tax payable of Rp1.3 billion.

Net cash used in investing activities of Rp43.0 billion in 9M2019 was mainly due to the capital expenditure on bearer plants of Rp16.1 billion, cash paid for acquisition of PT Bumi Raya Agro (net of cash acquired) of Rp12.8 billion and purchases of property, plant and equipment of Rp15.9 billion. This was offset by receipt from disposal of financial assets at fair value through profit or loss of Rp1.8 billion in 9M2019.

Net cash used in financing activities of Rp1.9 billion in 9M2019 was mainly due to the buyback of the Company's shares to be held as treasury shares of Rp0.8 billion, repayment of lease liabilities and lease liabilities interest of Rp0.8 billion and repayment of obligations under finance leases of Rp0.2 billion.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

CPO prices have increased by about 45% from its recent low, supported by less than anticipated increases in supply and a significant increase in demand in 2020, as Indonesia implements the B30 mandatory biodiesel policy. This new supply and demand conditions are expected to have a positive impact on CPO prices in 2020.

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

11. Dividend

(a) Current Financial Period Reported on

Any dividend to be declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared, a statement to that effect.

No dividend has been declared for the quarter ended 30 September 2019.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the period 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)
	9M2019	9M2019
PT Bumiraya Utama Lines	275	NIL*
PT Cemar Lestari	NIL	NIL*
PT Bumiraya Utama	4,747	NIL*

*The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5)

The Directors of the Company do hereby confirm that to the best of their knowledge, nothing has come to their attention which would render the unaudited financial statements for the financial period from 1 January 2019 to 30 September 2019 to be false or misleading in any material aspects.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirmed that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

16. Update of the utilization of the Initial Public Offering ("IPO") proceeds of S\$50.6 million

As at 30 September 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 ⁽¹⁾	2.27
Acquisition of other oil palm plantations and land banks	15.00	3.12 ⁽²⁾	11.88 ⁽³⁾
Repayment of the loans to PT Bank CIMB Niaga Tbk ("Bank Niaga")	5.00	5.00	-
Construction of the co-composting plant	2.00	1.49	0.51
Working capital	9.50	9.50	-
Invitation expenses	3.49	3.49	-
Total	50.60	35.94	14.66

As at 30 September 2019, the use of net proceeds from the IPO for 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
Fertilizers	1.57	-	1.57
Purchase Fuel	0.35	-	0.35
Suppliers	0.65	-	0.65
Administration Expenses	0.49	1.00	1.49
Bank Interest	0.11	-	0.11
Leasing	0.09	-	0.09
Tax Payment	1.86	-	1.86
Total	8.50	1.00	9.50

Notes:

- (1) Out of the S\$13.34 million utilized 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 utilized 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 in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan and expenses of S\$0.66 million incurred for the land location permit in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan.
- (3) The Company has the option to acquire PT 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.

BY ORDER OF THE BOARD

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman & CEO

14 November 2019