



Bumitama Agri Ltd.
Excellence Through Discipline



ANNUAL
REPORT
2018



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OUR VISION

To be a leading CPO producer through continuous improvement; focus on productivity, cost efficiency, sustainability and growth.

OUR MISSION

To enhance shareholder's value; to improve the benefits and quality of life of our employees; to improve the welfare of the local communities and the environment.



CORPORATE PROFILE

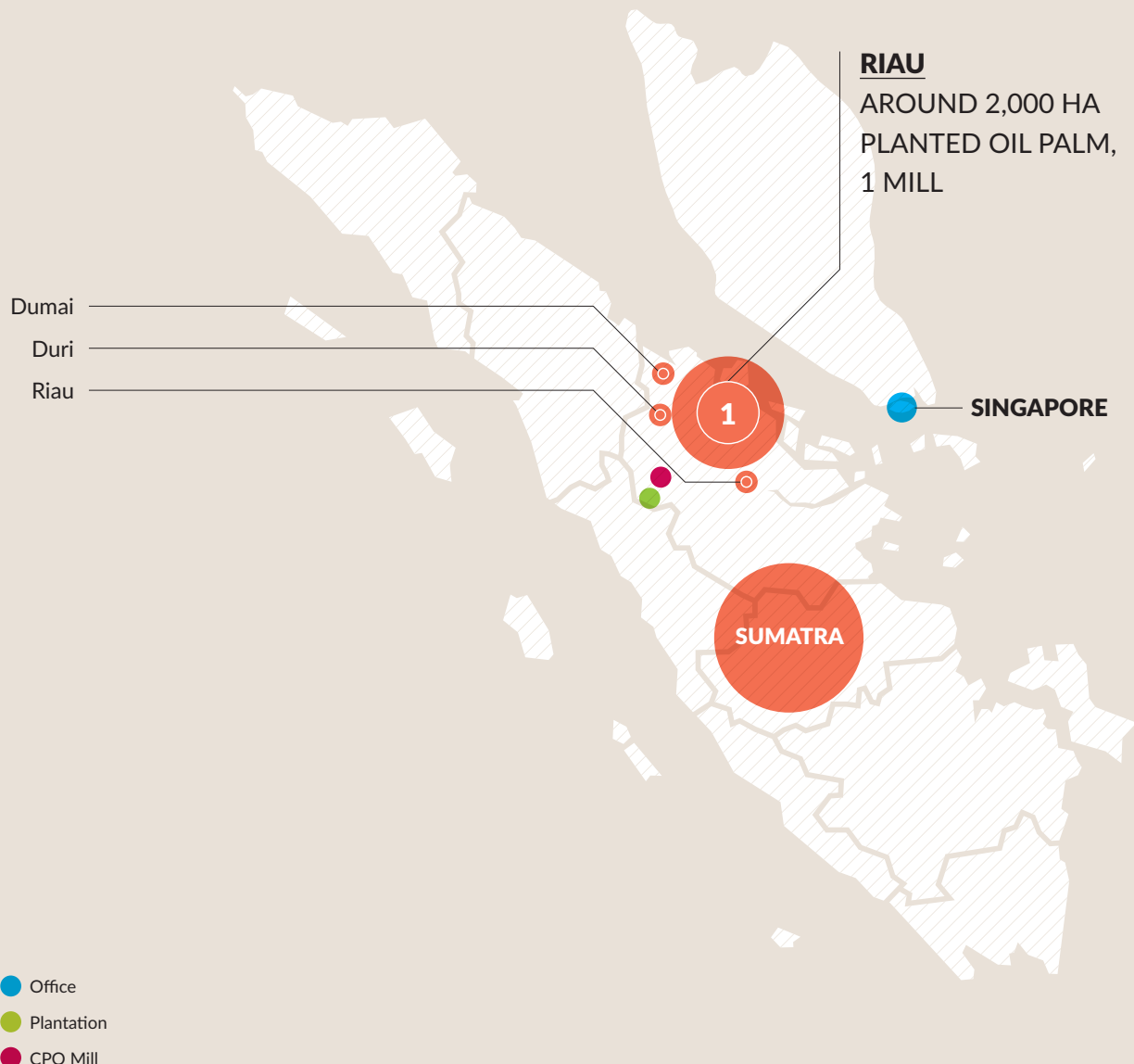
Bumitama Agri Ltd. ("**Bumitama**" or the "**Group**"), founded in 1996 and listed on the Singapore Exchange in 2012, is one of the leading producers of crude palm oil ("**CPO**") and palm kernel ("**PK**") in Indonesia. The Group is principally engaged in the cultivation of oil palm trees, as well as the harvesting and processing of fresh palm fruit bunches ("**FFB**") into CPO and PK, which are then sold to refineries in Indonesia.

Bumitama manages a total land bank of approximately 234,000 hectares located in the Indonesian provinces of Central Kalimantan, West Kalimantan and Riau. The Group has 185,165 hectares of total planted area as at 1 January 2019 with a relatively young matured oil palm trees profile. The weighted average age of the Group's palm trees is 9.8 years. With 85.2% of the planted area in the early matured category as at 31 December 2018, Bumitama is poised to take advantage of production growth opportunities as the oil palm trees mature and achieve peak production.

The Group places strong emphasis on achieving better yields and extraction rates through investment in research and development ("**R&D**"), and good agricultural practices.

To ensure timely processing of FFBs, and to maintain high quality in its CPO output, Bumitama operates 14 CPO mills that are strategically located in close proximity to its plantations with a total FFB processing capacity of 5.67 million metric tonnes per annum. The advantageously-located CPO mills also allow the Group to reduce transportation costs as well as its carbon footprint, reflecting an alignment to Bumitama's sustainability objectives.

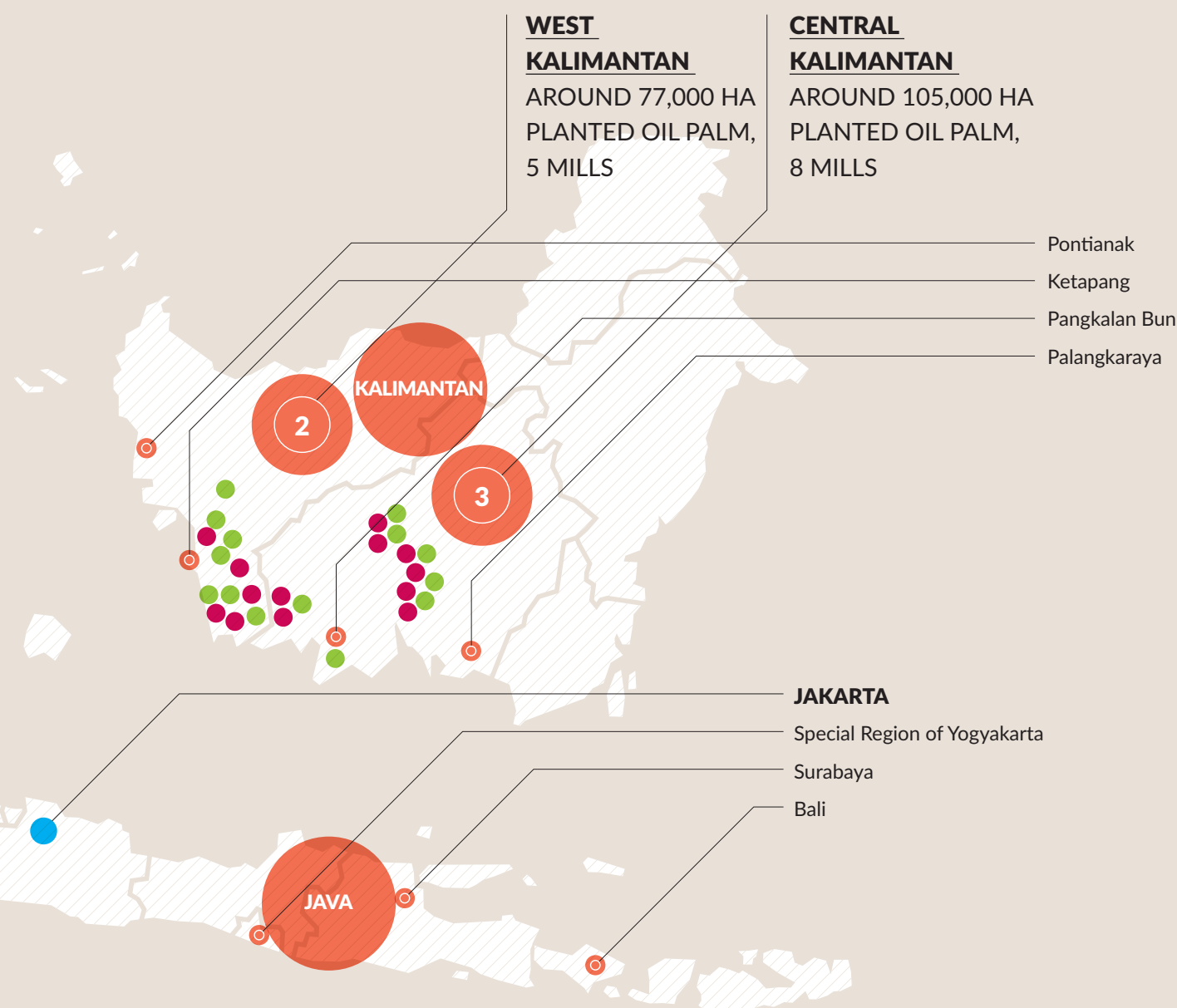
As one of the first few oil palm growers in Southeast Asia to adopt a "No Deforestation, No Peat and No Exploitation" policy, the Group remains firmly committed on sustainability. Bumitama is a member of the voluntary and internationally



recognised Roundtable on Sustainable Palm Oil (“**RSPO**”), and also adheres to the mandatory requirements of Indonesian Sustainable Palm Oil (“**ISPO**”). Bumitama has achieved five RSPO certificates as at 28 February 2019, and is on track to securing RSPO Certification for all mills and plasma smallholder schemes by 2024. Apart from achieving certification for its own plantations and mills, Bumitama actively engages and guides independent smallholders towards obtaining such certification as part of its social responsibility efforts.

The Group has received numerous awards and accolades which include the 200 “Best Under A Billion” Award (2013), “Frost & Sullivan Indonesia Excellence Award” (2014), “Asiamoney Award (2015) – Overall Best Company in Singapore for Corporate Governance/Best for Investor Relations in Singapore/Best for Corporate Social

Responsibility in Singapore”, and “Asiamoney Award (2016) – Best Managed Small Cap Company in Singapore/Overall Best Company in Singapore for Corporate Governance/Best Disclosure and Transparency/Best for Shareholders’ Rights and Equitable Treatment/Best for Responsibilities of Management and the Board of Directors/Best for Investor Relations in Singapore/Best for Corporate Social Responsibility in Singapore”, “The Edge Billion Dollar Club (2017) – Most Profitable Company (Agriculture Sector)”, “The Edge Billion Dollar Club (2018) – Most Profitable Company (Agriculture Sector)” and “Asiamoney Award (2018) – Overall Most Outstanding Company in Singapore/ Most Outstanding Company in Singapore (Small Cap)/Most Outstanding Company in Singapore (Consumer Staple)”.



CHAIRMAN'S MESSAGE



We will continue to capitalise on our planted assets following best management practices. The Group's robust financial position opens opportunity for strategic initiatives which will be the key focus of the board of directors and management under the leadership of the Chairman and CEO.

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present the FY2018 Annual Report for Bumitama Agri Ltd. ("**Bumitama**" or the "**Group**").

2018 saw strong growth in palm production volumes globally. The latest data released by the Indonesian Palm Oil Association ("**GAPKI**") for Indonesia indicated total production (CPO and PK) for the year increase by 15.1% to 47.43 million metric tonnes, up from 41.22 million metric tonnes in 2017. Of the total production, CPO output jumped 12.5% to 43 million metric tonnes, the country's highest output in history. Increased production was largely driven by several factors including conducive climatic conditions and improving productivity of smallholder farmers. Bumitama's production volume growth for CPO was 27.4%, higher than the country's average. While this speaks well for our performance in 2018, we continue to strive to outperform each year.

However, the industry-wide increase in production caused the CPO futures price to dip to a three-year low of less than MYR 1,750 per metric tonne in November 2018, as supply outpaced demand growth. The futures price ended the year at MYR 2,004 per metric tonne. While the palm oil industry is well-positioned for a price recovery in 2019,

and the global economy is projected to grow by 3.5% in 2019 and 3.6% in 2020, we are keenly aware that the geopolitical and macroeconomic developments such as the ongoing trade war between the United States and China, and Brexit are expected to potentially impact the business operating landscape of major economies. Of a more specific relevance, the European Union's plan to phase out the use of palm oil in transport fuels may negatively affect the palm oil industry. In response to this, authorities of the world's major palm oil producing countries, including Indonesia and Malaysia, protested the move and have agreed to work together to enhance the usage of palm oil in the global market by increasing the blending percentage of biodiesel and promoting the use of palm into countries such as India, China, and the Middle East.

Despite these potential challenges, we remain positive on the long-term outlook of this industry. We will continue to capitalise on our planted assets following best management practices. We remain unwavering in our efforts in managing operating costs, working capital, planting sustainably; with an overarching objective of improving our profitability. The Group's robust financial position opens opportunity for strategic initiatives which will be the key focus of the board of directors and management under the leadership of the Chairman and CEO.

Gunawan H. Lim

Executive Chairman and
Chief Executive Officer



FINANCIAL AND OPERATIONAL PERFORMANCE

In the period under review, Bumitama saw a 3.1% increase in revenue to IDR 8,381 billion, compared to IDR 8,131 billion recorded in FY2017. This increase in revenue was mainly attributable to an increase in aggregate sales volume of CPO and PK by 24.7% and 25.5%, respectively. This increase in sales volume helped to offset the decrease in selling prices of both CPO and PK by 13.2% and 22.9%, respectively.

The Group's gross profit grew marginally to IDR 2,391 billion in FY2018, up from IDR 2,389 billion posted in FY2017. For FY2018, EBITDA and net profit decreased by 1.3% and 9.0% to IDR 2,395 billion and IDR 1,295 billion, respectively.

As at the end of FY2018, Bumitama's balance sheet remained healthy while generating strong positive cash flow. The Group's robust financial position will enable us to capitalise on strategic opportunities and deliver strong performance over the long-term.

For FY2018, internal FFB production rose 28.3% to 3.3 million metric tonnes ("MT"). Similarly, external FFB production for FY2018 was 36.4% higher at 1.4 million MT from 1.0 million MT in FY2017. Overall, total FFB production grew 30.5% to 4.7 million MT, compared to 3.6 million MT in the previous year.

Bumitama's total planted area in FY2018 increased to 185,165 hectares, up from 182,675 hectares in FY2017. As at 31 December 2018, Bumitama had new plantings of 2,490 hectares. Of the Group's total planted area, the allocation for plasma was 52,734 hectares as at 31 December 2018.

As at 1 January 2019, the weighted average age of the Group's palm trees is 9.8 years. Bumitama's relatively young matured palm age profile provides significant potential in production growth as our palm trees continue to mature and reach peak production. FFB yield improved by 24.4% from 16.4 MT per hectare in FY2017 to 20.4 MT per hectare in FY2018. Meanwhile, CPO yield improved by 21.6% to reach 4.5 MT per hectare in FY2018 from 3.7 MT per hectare in FY2017.

SHARE BUYBACK

In connection with our annual Share Buyback Mandate (as at 11 March 2019), the Group bought back 1,867,200 shares representing 0.1% of the total outstanding shares at an average price of \$0.674 per share. Bumitama's share buyback programme underlines the Group's confidence in the prospects of our business.

CHAIRMAN'S MESSAGE

DIVIDENDS

In line with Bumitama's commitment to enhance shareholder value while preserving sufficient resources to pursue long-term sustainable growth, the Group has proposed a final one-tier tax exempt cash dividend of 2 Singapore cents per share. Including the interim one-tier tax exempt cash dividend of 0.75 Singapore cent per share paid on 14 September 2018, total cash dividends will amount to 2.75 Singapore cents per share for FY2018, which is 47.1% of distributable income. These distributions exceed the dividend policy set by the board in 2017.

OUR COMMITMENT TO SUSTAINABILITY

The Group embraces a holistic approach to People, Planet and Prosperity and recognises the importance of protecting the environment, its surrounding communities and the people we employ. In order to ensure that the Group's efforts in sustainability remain relevant and current, we constantly benchmark our progress against international standards.

Bumitama supports the RSPO P&C 2018. As at 28 February 2019, Bumitama has five RSPO certifications and three ISPO certifications.

LOOKING AHEAD

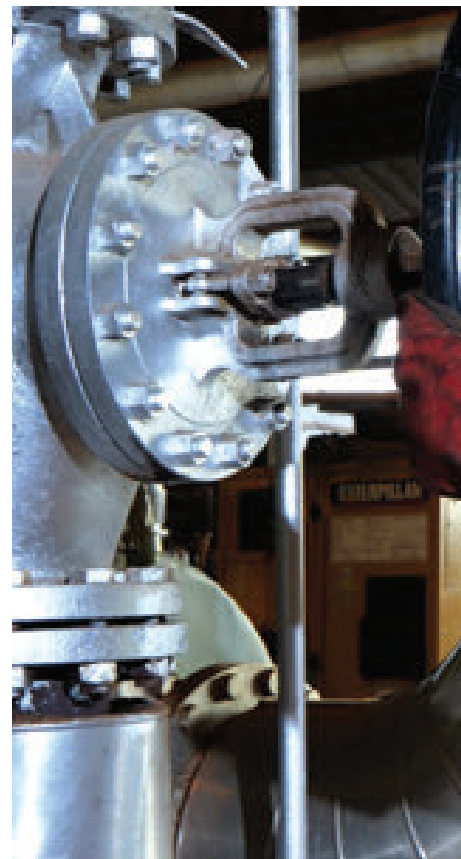
Following the strong improvement in production in FY2018, we look forward to better yields as our plants mature. For 2019, we aim to achieve up to 15% improvement in internal production of FFB while maintaining our cash cost for the year, despite an expected increase in labour and fertiliser costs.

With the young matured average age of our palm trees, Bumitama is well-positioned to capitalise on future opportunities for growth. In FY2018, approximately 5,000 hectares of planted area reached maturity and we expect approximately another 8,000 hectares to reach maturity in FY2019. Meanwhile, the Group has planned for a capital expenditure of IDR 1 trillion for FY2019, which will go towards increasing the processing capacity of mills, infrastructure as well as setting up a tissue culture research and development centre in Central Kalimantan.

Bumitama maintains a positive outlook for the palm oil industry, and will continue to leverage our strengths in best plantation management practices while adopting a prudent approach to expansion. Given the widespread use of palm oil, coupled with the lack of viable alternatives, the long term fundamentals of the palm oil industry are expected to remain positive.



The Group embraces a holistic approach to People, Planet and Prosperity and recognises the importance of protecting the environment, its surrounding communities and the people we employ. In order to ensure that the Group's efforts in sustainability remain relevant and current, we constantly benchmark our progress against international standards.



RECOGNITION/AWARDS

In January 2019, RAM Ratings has reaffirmed its AA₃/Positive rating of Bumitama's MYR 2.0 billion Islamic Medium Term Note Sukuk Musharakah, reflecting the resilience of the Group's strong financial position.

Asiamoney honored Bumitama with three awards in 2018 - Overall Most Outstanding Company in Singapore, Most Outstanding Company in Singapore (Small Cap) and Most Outstanding Company in Singapore (Consumer Staple). The Group was also awarded the Most Profitable Company (Agriculture Sector) in The Edge Billion Dollar Club for the second consecutive year.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my gratitude to all the staff of Bumitama for their dedication and hard work which has enabled us to arrive at where we are today. I also wish to extend my appreciation to the Board and our leadership team for their combined wisdom and guidance, which have positioned us for sustainable growth over the long term.

I would like to thank our business partners, shareholders and customers for their continued support and trust as Bumitama continues its journey in solidifying our leadership position as a palm oil producer.

In June 2018, Mr. Chua Chun Guan Christopher announced his retirement and stepped down as independent director of Bumitama. On behalf of the Board, I would like to convey our appreciation for his invaluable contribution to the Company over the past six years.

Our new independent director, Mr. Lim Hung Siang was appointed to the Board in June 2018. Please join me in welcoming Mr. Lim Hung Siang as we look forward to working closely with him.

In conclusion, I would like to take this opportunity to thank all stakeholders and shareholders for joining us on this journey. Going forward, we will continue to work towards our vision of becoming a leading, sustainable CPO producer.

Yours faithfully,
GUNAWAN H. LIM
 Executive Chairman and
 Chief Executive Officer
 2 April 2019



OPERATIONAL & FINANCIAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

FINANCIAL YEAR	2018	2017	2016	2015	2014
PLANTATION AREA (Hectares)					
Total Planted Area	185,165	182,675	175,243	164,177	153,268
Old & Mature	162,815	158,083	147,513	126,283	105,869
Immature	22,350	24,592	27,730	37,894	47,399
Nucleus Planted Area	132,431	131,421	128,966	119,679	115,463
Old & Mature	113,238	110,699	104,970	89,211	77,177
Immature	19,193	20,722	23,996	30,468	38,286
Plasma Planted Area	52,734	51,254	46,277	44,498	37,805
Old & Mature	49,577	47,384	42,543	37,072	28,692
Immature	3,157	3,870	3,734	7,426	9,113
Planted Area by Location					
Kalimantan	182,856	180,366	172,934	161,868	150,959
Riau	2,309	2,309	2,309	2,309	2,309

PRODUCTION VOLUME (Metric Tonnes)

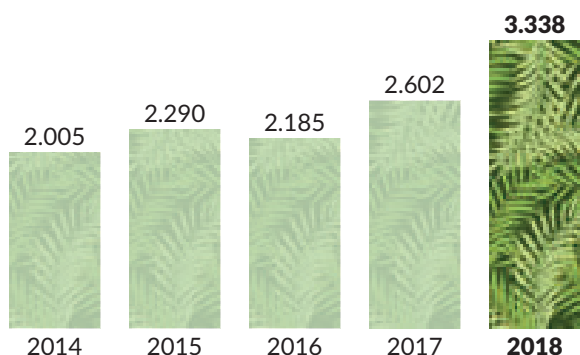
Fresh Palm Fruit Bunches ("FFB")	3,338,234	2,602,224	2,185,440	2,290,189	2,004,769
Nucleus	2,276,866	1,784,729	1,513,422	1,578,815	1,401,040
Plasma	1,061,368	817,495	672,018	711,374	603,729
Crude Palm Oil ("CPO")	1,043,045	818,835	701,304	742,842	618,665
Palm Kernel ("PK")	208,311	166,224	138,175	141,589	115,431

PRODUCTIVITY

FFB Yield per Mature Hectare (metric tonnes)	20.4	16.4	14.6	17.8	18.4
CPO Yield per Mature Hectare (metric tonnes)	4.5	3.7	3.3	4.1	4.3
CPO Extraction Rate (%)	22.1	22.7	22.7	22.9	23.2
PK Extraction Rate (%)	4.4	4.6	4.5	4.4	4.3

FRESH FRUIT BUNCHES PRODUCTION

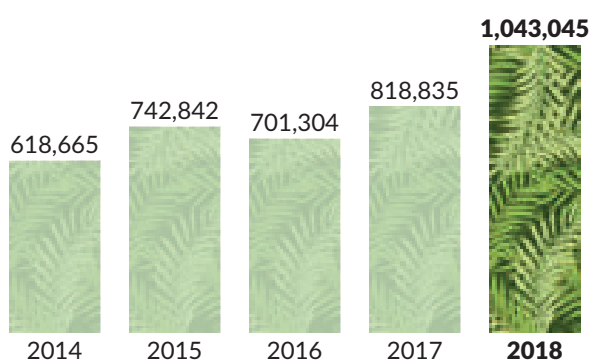
(MILLION METRIC TONNES)

CAGR  **13.6%****FRESH FRUIT BUNCHES YIELD**

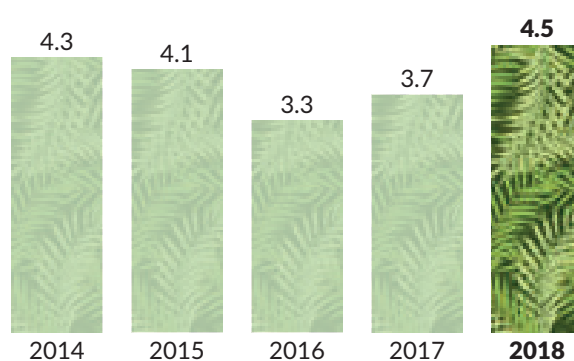
(METRIC TONNES/MATURE HECTARE)

**CRUDE PALM OIL PRODUCTION**

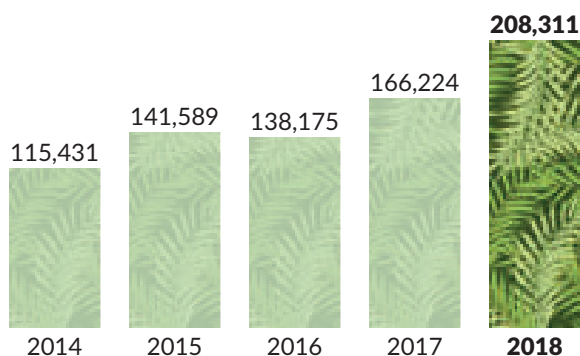
(METRIC TONNES)

CAGR  **13.9%****CRUDE PALM OIL YIELD**

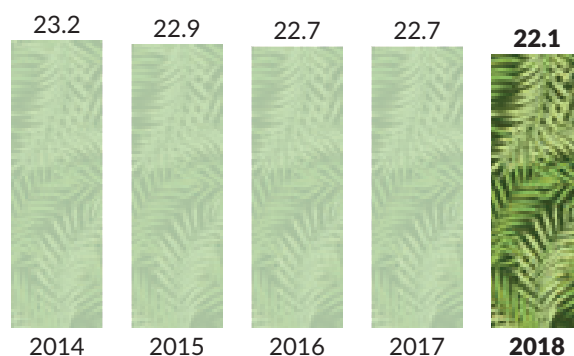
(METRIC TONNES/MATURE HECTARE)

**PALM KERNEL PRODUCTION**

(METRIC TONNES)

CAGR  **15.9%****CRUDE PALM OIL EXTRACTION RATE**

(METRIC TONNES/MATURE HECTARE)



OPERATIONAL & FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR	2018	2017	2016	2015	2014
INCOME STATEMENT (IDR Billion)				Restated	
Revenue	8,381	8,131	6,630	5,542	5,757
Gross Profit	2,391	2,389	1,976	1,655	2,342
Fair Value Change in Biological Assets	(48)	36	27	(91)	(38)
Profit before tax	1,705	1,894	1,551	1,002	1,805
EBITDA	2,395	2,427	1,925	1,531	2,145
Net Profit	1,295	1,424	1,188	806	1,372
Net Profit Attributable to Owners of the Company	1,097	1,193	1,005	714	1,153
EPS Attributable to Owners of the Company (IDR per Share) ¹	627	682	572	406	656

FINANCIAL YEAR	2018	2017	2016	2015	2014
BALANCE SHEETS (IDR Billion)				Restated	Restated
Total Assets	16,539	15,290	14,767	14,372	12,111
Total Current Assets	2,410	1,906	2,295	3,056	2,208
Total Current Liabilities	6,427	1,278	1,915	3,276	1,923
Total Non-current Liabilities	1,112	5,540	5,330	4,889	4,277
Total Equity	9,000	8,472	7,522	6,207	5,911
Equity Attributable to Owners of the Company	7,771	7,449	6,718	5,661	5,386

FINANCIAL YEAR	2018	2017	2016	2015	2014
FINANCIAL STATISTICS				Restated	Restated
Revenue Growth	3.1%	22.6%	19.6%	(3.7%)	41.7%
Gross Profit Margin	28.5%	29.4%	29.8%	29.9%	40.7%
Operating Profit Margin	22.1%	23.9%	23.9%	22.7%	34.5%
EBITDA Margin	28.6%	29.8%	29.0%	27.6%	37.3%
Net Profit Margin	15.5%	17.5%	17.9%	14.5%	23.8%
Return on Equity ²	14.1%	16.0%	15.0%	12.6%	21.4%
Return on Assets ³	6.6%	7.8%	6.8%	5.0%	9.5%
Net Debt ⁴ /Total Equity (Times)	0.6	0.5	0.6	0.8	0.7
Debt/Total Equity (Times)	0.6	0.6	0.6	0.9	0.7
Net Debt ⁴ /Total Assets (Times)	0.3	0.3	0.3	0.3	0.3

Remarks:

¹ The earnings per share has been computed based on the Company's total number of issued shares excluding treasury shares as at each balance sheet date

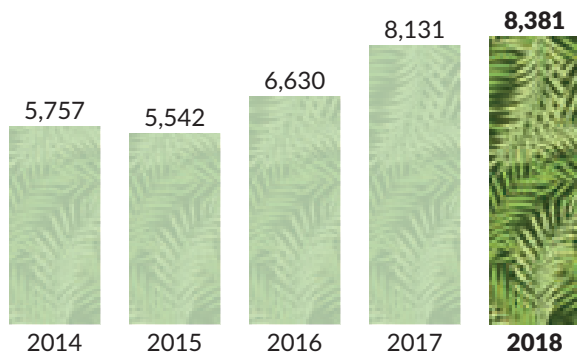
² Return on Equity = Net Profit Attributable to Owners of the Company / Equity Attributable to Owners of the Company

³ Return on Assets = Net Profit Attributable to Owners of the Company / Total Assets

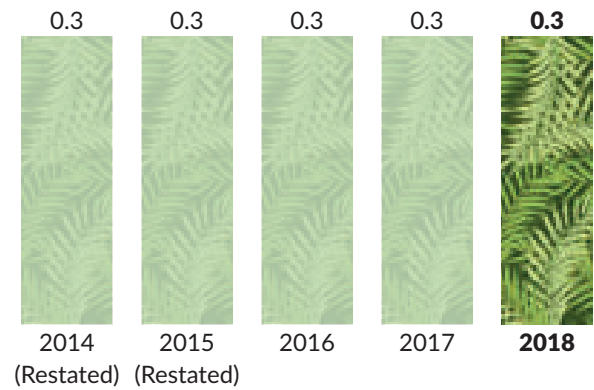
⁴ Net Debt = Interest bearing debts less cash and bank balances

REVENUE

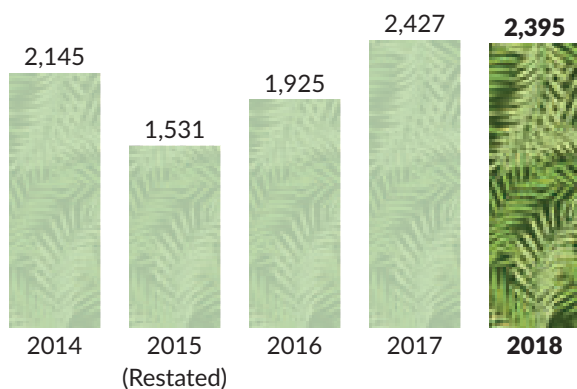
(IDR BILLION)

CAGR  **9.8%****NET DEBT PER TOTAL ASSETS**

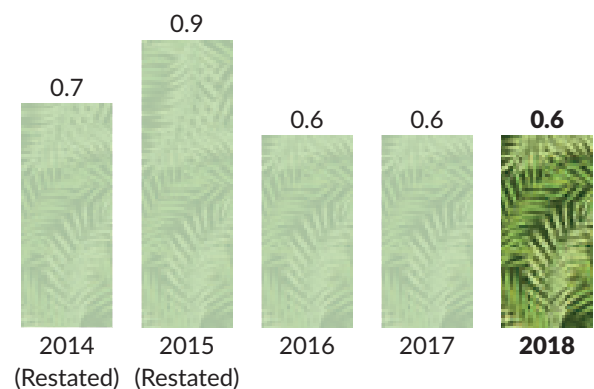
(TIMES)

**EBITDA**

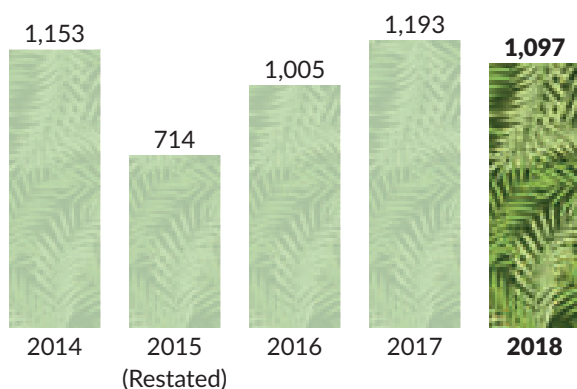
(IDR BILLION)

CAGR  **2.8%****DEBT PER TOTAL EQUITY**

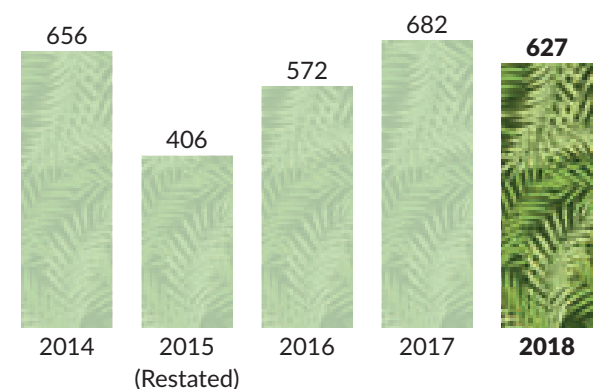
(TIMES)

**NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

(IDR BILLION)

CAGR  **1.2%****BASIC EARNINGS PER SHARE**

(IDR PER SHARE)



OPERATIONAL & FINANCIAL REVIEW



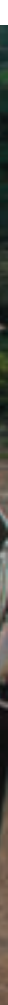
DRIVING GROWTH THROUGH YIELD ENHANCEMENT & CASHFLOW MANAGEMENT

In FY2018, Bumitama's sizeable increase in mature hectareage supported the substantial 24.4% improvement in FFB yield to 20.4 metric tonnes ("MT") per hectare. The Group recorded a strong 28.3% growth in total internal FFB production volume to 3.3 million MT from 2.6 million MT the year before; FFB nucleus and plasma volume increased by 27.6% and 29.8%, respectively. Similarly, external FFB volumes increased by 36.4% from 1.0 million MT in FY2017 to 1.4 million MT in FY2018.

The Group's CPO production volume also saw a corresponding increase of 27.4% to 1.0 million MT in FY2018 from 0.8 million MT achieved in the previous year, while yield rate for CPO registered an improvement of 21.6% to 4.5 MT per hectare. In line with the CPO production growth, the Group's PK production registered an increase of 25.3%, a substantial increase from 166,224 MT in FY2017 to 208,311 MT in FY2018.

Bumitama ensures the implementation of Best Management Practices ("BMP") at all its plantations and mills with the objective of achieving higher productivity and cost efficiency. Bumitama recognises an immense potential that could be unlocked as the Group's disciplined approach towards BMP continues to deliver significant enhancement in yield rates for its products.

Bumitama's total planted area rose to 185,165 hectares in FY2018. Of the total planted area, 71.5% or 132,431 hectares were nucleus area and 28.5% or 52,734 hectares were plasma area. As at 1 January 2019, weighted average age of the Group's palm trees is 9.8 years. With a relatively young matured palm tree profile, Bumitama is poised to take advantage of significant production growth opportunities as the oil palm trees mature and achieve peak production. In order to minimise negative impact on the environment, the Group has turned its focus towards the implementation and development of strategies to improve productivity. For FY2019, the Group has reduced its target new planting area to 2,000 hectares.



FINANCIAL REVIEW

Bumitama recorded a 3.1% increase in revenue to IDR 8,381 billion in FY2018 from IDR 8,131 billion in FY2017, as lower CPO and PK prices especially towards the last quarter of 2018 was compensated by a larger increase in sales volume. For FY2018, sales volume of CPO and PK increased by 24.7% and 25.5%, while selling prices of both CPO and PK decreased by 13.2% and 22.9%, respectively.

The Group's cost of sales, comprising mainly cost related to plantation operations, rose 4.3% to IDR 5,990 billion in FY2018 from IDR 5,742 billion in FY2017. The increase in cost of sales was in line with the higher production volume and higher purchase volume of external FFB.

As a result of the higher turnover, the Group's gross profit increased by 0.1% to IDR 2,391 billion in FY2018 compared to IDR 2,389 billion in FY2017.

Interest income increased by 11.4% to IDR 165 billion in FY2018, consisting mainly of interest income earned from advances extended to the plasma farmers.

General and administrative expenses was 8.7% higher at IDR 263 billion in FY2018 mainly due to an increase in salaries and employee benefits. Selling expenses rose 34.9% to IDR 280 billion in FY2018 as a result of an increase in sales volume, fuel price and additional barges rented to expedite loading and delivery of palm products to customers.

The Group's finance cost increased 20.3% to IDR 200 billion in FY2018 due to higher London Interbank Offered Rate ("**LIBOR**") in 2018.

The Group recorded a net foreign exchange loss of IDR 57 billion in FY2018 due to translation loss on USD denominated borrowings as a result of the depreciation of IDR against the USD during the current period compared to translation loss of IDR 6 billion in FY2017.

OPERATIONAL & FINANCIAL REVIEW

In accordance with the Singapore Financial Reporting Standards (International) 1-41 ("**SFRS(I) 1-41**"), the agricultural produce growing on bearer plants are measured at fair value less costs to sell. The Group recorded loss arising from fair value changes in biological assets amounting to IDR 48 billion based on market value of the agricultural produce as at 31 December 2018.

The EBITDA, which is an indicator of the Group's performance, decreased by a marginal 1.3% to IDR 2,395 billion in FY2018, mainly due to lower CPO and PK selling prices. Overall, net profit fell 9.0% to IDR 1,295 billion in FY2018 from IDR 1,424 billion in the previous year.

FINANCIAL POSITION

As at 31 December 2018, the Group's total assets increased from IDR 15,290 billion to IDR 16,539 billion. For the same period, the Group's total liabilities increased from IDR 6,818 billion to IDR 7,539 billion.

Total current assets increased by IDR 504 billion from IDR 1,906 billion to IDR 2,410 billion as at 31 December 2018, mainly attributable to increase in inventory of fertilisers for 2019 first semester application, increase in trade and other receivables due to the higher sales volume of palm products in FY2018 as well as increase in prepaid taxes attributable to the increase in claim for tax refund in regards to Value-Added Tax overpayment.

Bumitama's non-current assets increased by IDR 746 billion from IDR 13,383 billion to IDR 14,129 billion as at 31 December 2018, mainly attributable to higher plasma

receivables by IDR 458 billion arising from advances given to the plasma farmers for the maintenance of immature plasma plantations and bearer plants by IDR 210 billion.

As at 31 December 2018, current liabilities increased by IDR 5,149 billion to IDR 6,427 billion, mainly due to reclassification of certain non-current liabilities in accordance with its maturity, comprising Revolving Credit Facilities ("**RCF**") loans, Islamic Medium Term Notes ("**IMTN**") and its corresponding derivative financial liabilities.

Following the maturity of the Group's IMTN in 2019, the Group's non-current liabilities decreased by IDR 4,428 billion to IDR 1,112 billion as at 31 December 2018. The Group has secured a 5-year term loan to refinance the IMTN.

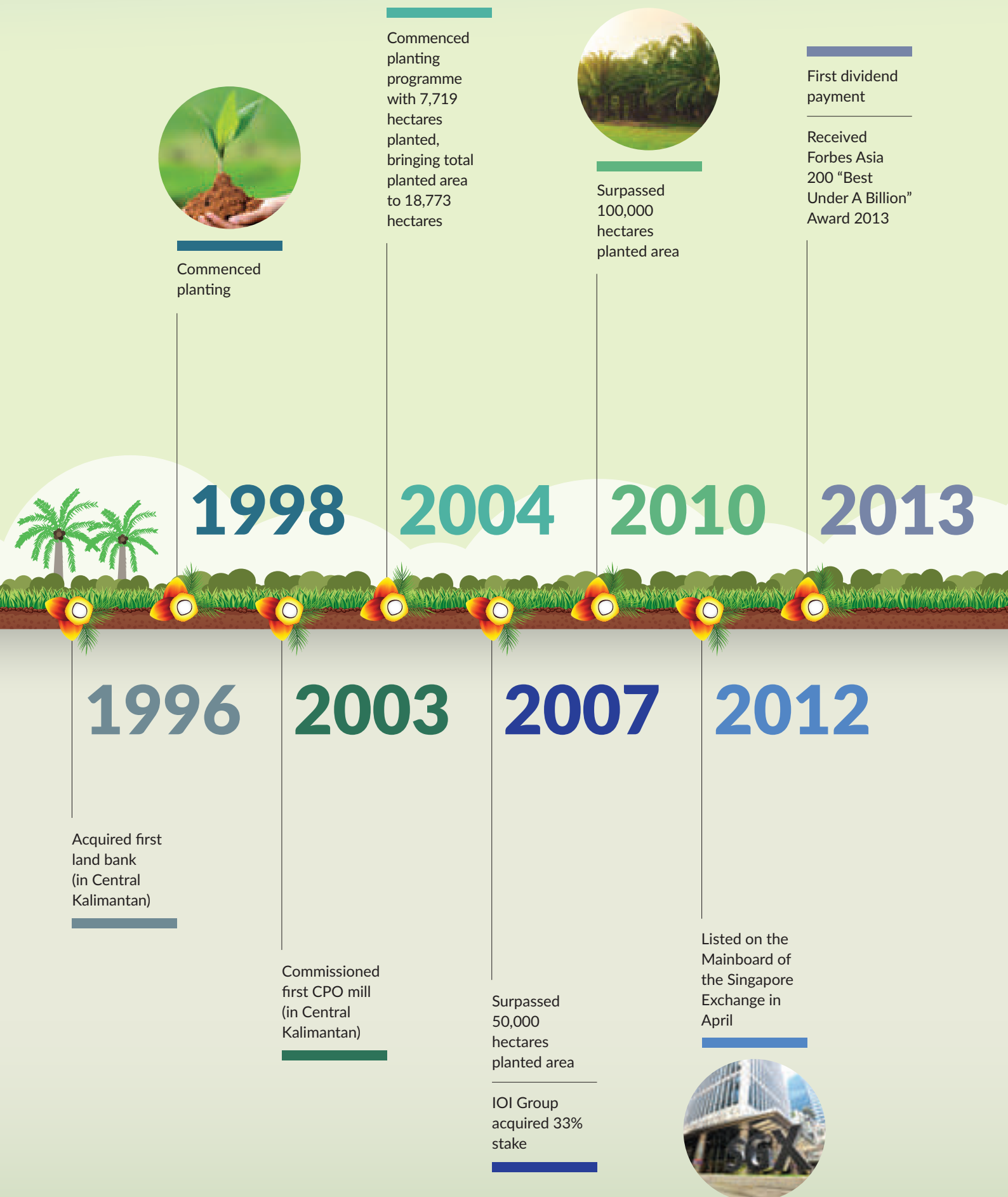
In FY2018, Bumitama continues to report positive free cash flow amounting to IDR 588 billion. The net cash flow from operating activities of IDR 1,517 billion in FY2018 was more than able to accommodate for the Group's investing activities which amounted to IDR 929 billion. The decrease in investing activities was mainly due to lower investments for bearer plants and property, plant and equipment.

Net cash used in financing activities was IDR 511 billion in FY2018, comprising mainly payment of FY2017 final dividend and FY2018 interim dividend as well as the repayment of some RCF bank loans and debt related finance costs during the year.

In view of the above, the Group ended FY2018 with a net increase in cash and cash equivalents of IDR 77 billion, bringing the cash and bank balances to IDR 299 billion.



CORPORATE MILESTONES





Launched the new Sustainability Policy & Inaugural Sustainability Report

Initial Sales of Biodiesel

Received "Asiamoney Award" for 3 categories in Singapore:

- Best Overall for Corporate Governance
- Best for Investor Relations
- Best for Corporate Social Responsibility



First Independent Smallholders certified by RSPO in Central Kalimantan

Awarded the "Most Profitable Company" (Agriculture Sector) from The Edge Billion Dollar Club 2018, for the second consecutive year

Received "Asiamoney Award" for 3 categories in Singapore:

- Overall Most Outstanding Company in Singapore
- Most Outstanding Company in Singapore (Small Cap)
- Most Outstanding Company in Singapore (Consumer Staple)

2015

2018

2014

2016

Received two RSPO and one ISPO certificates

Received "Frost & Sullivan Indonesia Excellence Award 2014"



Received "Asiamoney Award" for all 7 categories in Singapore:

- Best Managed Small Cap Company
- Best Overall for Corporate Governance
- Best for Disclosure and Transparency
- Best for Shareholders' Rights and Equitable Treatment
- Best for Responsibilities of Management and the Board of Directors
- Best for Investor Relations
- Best for Corporate Social Responsibility

One of Bumitama's Management team, Ms. Christina Lim has also been awarded the "Best Executive in Singapore."

BOARD OF DIRECTORS



Lim Gunawan Hariyanto



Lim Christina Hariyanto



Dato' Lee Yeow Chor

LIM GUNAWAN HARIYANTO

Executive Chairman and Chief Executive Officer

Mr. Lim Gunawan Hariyanto, Executive Chairman and Chief Executive Officer of Bumitama, joined the Group in 1997 when he was appointed Director of PT Karya Makmur Bahagia. Mr. Gunawan was first appointed to the Board on 23 March 2012 and re-elected on 21 April 2017. He is responsible for the formulation of the Group's business and corporate policies and strategies, business development as well as business and operations management.

Mr. Gunawan developed his expertise in business operations and development based on his knowledge and experience garnered in the palm oil industry over the past 21 years. Mr. Gunawan started his career in 1984 as the Vice President Director of PT Tirta Mahakam Resources Tbk., where he was in charge of the operational and business development of the company.

Mr. Gunawan graduated from the University of Southern California in 1981 with a Bachelor of Business Administration.

LIM CHRISTINA HARIYANTO

Executive Director

Ms. Lim Christina Hariyanto, Executive Director of the Company, joined the Group in 2012 as the Head of Investor Relations. Ms. Christina was first appointed to the Board on 1 June 2017 and re-elected on 23 April 2018. She is responsible for strengthening the communication channels between the Company and the financial industry. Through analyst meetings and investor conferences, she strives to heighten awareness and understanding of Bumitama's business among the investment and financial communities. Asiamoney awarded Bumitama for "Best in Investor Relations in Singapore" for two years, in 2015 and 2016. Asiamoney also awarded Ms. Christina for "Best Executive in Singapore" in 2016.

She started her career as an Investment Analyst at Nomura Securities. She subsequently developed Harita Kencana Sekuritas from a small brokerage house to a well-known medium-sized company which is actively involved in equities trading and advisory services. In 2000, her firm was voted in

the top quartile in the rankings by Investor Magazine. In 2005, 2006, and 2007, Asiamoney ranked Harita Kencana Sekuritas as the fourth best local brokerage in Indonesia. In 2009, Harita Kencana Sekuritas was awarded the Best Securities Company in its asset category by Investor Magazine.

Ms. Christina was a member of the Indonesia Stock Exchange (IDX) Discipline Committee from 2004 to 2009. She is currently the President Commissioner of Harita Kencana Sekuritas.

Ms. Christina graduated from the University of Southern California with a Bachelor of Business Administration in 1990.

DATO' LEE YEOW CHOR

Non-Executive Director

Dato' Lee Yeow Chor, a Non-Executive Director of Bumitama was first appointed to our Board on 23 March 2012 and re-elected on 23 April 2018. He is presently the Chief Executive Officer of IOI Corporation Berhad, a Malaysian company which is a leading global palm oil player, and a Director of IOI Properties Group Berhad. Dato' Lee was first appointed to the Board of IOI Corporation Berhad as Group Executive Director in 1996 and was appointed as Chief Executive Officer of IOI Corporation Berhad in January 2014.

Dato' Lee qualified as a barrister from Gray's Inn, London. He holds an LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from the London School of Economics.

Prior to joining IOI Group as a General Manager in 1994, Dato' Lee served in various capacities in the Attorney General's Chambers of Malaysia and the Malaysian Judiciary for about four years. He held the position of Magistrate when he left for the private sector.

Dato' Lee is the Chairman of the Malaysian Palm Oil Council and serves as a Council Member in the Malaysian Palm Oil Association. He was also a member of the Board of Directors of Bank Negara, the Central Bank of Malaysia, from 2015 to 2018.



Tan Boon Hoo



Lee Lap Wah George



Lim Hung Siang

TAN BOON HOO

Lead Independent Director

Mr. Tan Boon Hoo, the Lead Independent Director of the Company, was appointed to our Board on 23 March 2012 and re-elected on 22 April 2016.

Mr. Tan is currently the Corporate Advisor at TBH International Consulting, specialising in finance, securities and corporate consultation matters. He is also a director of Ren Ci Hospital.

From 1994 to 2003, Mr. Tan was the General Manager (Institutional Sales) at JM Sassoon & Co Pte Ltd. From 1990 to 1994, Mr. Tan was the Executive Vice President, Head of Corporate Banking at Keppel Bank Ltd. From 1988 to 1990, Mr. Tan was the Deputy General Manager at Tat Lee Bank. Prior to this, Mr. Tan joined the Monetary Authority of Singapore's Banking and Financial Institutions Department in 1976 and held the position of Deputy Director in 1988 when he left for the private sector. Mr. Tan was previously an independent director of MAP Technology Holdings Limited (now known as MAP Technology Holdings Pte Ltd.). He was a member of the Investment Advisory Council of the Asset Management Committee of the National Trades Union Congress (NTUC) Income Insurance Cooperative Ltd..

Mr. Tan obtained his Bachelor of Science (Honours) in Applied Chemistry from the University of Singapore in 1973. He attended the Stanford Executive Programme at Stanford University, Palo Alto, USA, in 1987.

LEE LAP WAH GEORGE

Independent Director

Mr. Lee Lap Wah George, an Independent Director of Bumitama, was appointed to our Board on 1 June 2017 and re-elected on 23 April 2018. Mr. Lee is also an Independent Director of RE&S Holdings Ltd. and Wearnes-Starchase Limited.

From April 2016 to July 2017, Mr. Lee was an advisor to CEO and Management Committee at Oversea-Chinese Banking Corporation ("OCBC") Malaysia Bhd. Mr. Lee served as an Executive Vice President and Head of Global Corporate Banking at OCBC from February 2012 to April 2016. Prior to this, he was Executive Vice President and Head of Group Investment Banking of OCBC Limited since 2002. Mr. Lee started his career

as a Finance Officer in the Group Treasury Department of Keppel Shipyard in 1978 and joined Marine Midland Bank in 1982 as Assistant Vice President. Subsequently, Mr. Lee held managerial positions in various merchant banking units based in Singapore. In 1989, he was appointed Country Manager for Security Pacific Asian Bank. In 1993, he joined Credit Suisse Singapore as Head of Corporate Banking for South East Asia and left as Director, Corporate Lending of Credit Suisse First Boston in 1998 prior to joining OCBC.

Mr. Lee was awarded the Chartered Financial Analyst (CFA) in 1987 and currently sits on the Advisory panel of CFA Singapore. Mr. Lee obtained his Bachelor of Business Administration (Honours) from the University of Singapore in 1976.

LIM HUNG SIANG

Independent Director

Mr. Lim Hung Siang was appointed as Independent Director to our Board on 1 June 2018.

After Mr. Lim retired in 2007, he acted as an advisor and consultant for several local and foreign companies. These include ST Electronics, Goldbell Engineering, Beijing YaTai AnXun, Shanghai Cooltek and France Veolia Transportation Group. Prior to his retirement, Mr. Lim joined Delgro Corporation in 1995 and was appointed Chief Executive Officer of its subsidiaries, CityCab Pte Ltd. and Delgro Engineering. With the merger of Comfort and Delgro Groups in 2003, Mr. Lim became responsible for ComfortDelgro Corporation's overseas business development, primarily in Scotland, Ireland, England, Australia and China. Mr. Lim held the position of Senior Executive Vice President in ComfortDelgro Corporation when he retired in 2007.

From 1983 to 1995, Mr. Lim served as General Manager (Commercial) of Singapore Automotive Engineering (now known as Singapore Technology Kinetics Ltd.). From 1973 to 1983, Mr. Lim was a Higher Executive Engineer of the Anti-Pollution Unit of the Prime Minister's Office.

Mr. Lim obtained his Bachelor of Engineering (Mechanical) (First Class Honours) and Master of Science (Industrial Engineering), both from the University of Singapore in 1973 and 1979, respectively. He attended the Senior Executive Programme at Stanford University, USA, in 1989.

KEY MANAGEMENT



Johannes Tanuwijaya



Roebianto



Sie Eddy Kurniawan

JOHANNES TANUWIJAYA

Chief Strategy Officer

Mr. Johannes Tanuwijaya is the Group's Chief Strategy Officer. Mr. Johannes joined the Group in 2003 and was previously Director and Chief Financial Officer of PT Windu Nabatindo Abadi, a subsidiary of the Group. He is responsible for overseeing the Group's strategic and commercial activities and reports to our Chief Executive Officer.

Mr. Johannes started his career in 1990 as an Audit Manager at Prasetio Utomo & Co (Arthur Andersen), where he was involved in the projects of two telecommunication companies in Indonesia seeking dual listing on the Indonesia Stock Exchange and the New York Stock Exchange. In 1996, he joined PT Bira Aset Manajemen as a Director, where he was responsible for the operations and financial matters of the company. In 1999 and 2000 respectively, Mr. Johannes was appointed as the Corporate Secretary and Director cum Chief Financial Officer of PT Tirta Mahakam Resources Tbk., where he oversaw its listing on the Indonesia Stock Exchange.

Mr. Johannes obtained his Bachelor of Economics degree in 1991 from the University of Indonesia.

ROEBIANTO

Chief Operating Officer

Mr. Roebianto is the Group's Chief Operating Officer. He joined the Group in 2003 as General Manager in the engineering division of Bumitama Gunajaya Agro ("BGA"). He oversees and controls the Group's overall operational

activities, including the plantation, engineering and human resource departments. Mr. Roebianto started his career as a Field Superintendent in the Planning Engineering Department of Indo Plywood (Salim Group) in 1982 and was subsequently promoted to various managerial positions within the Salim Group during his tenure with them. Mr. Roebianto left the Salim Group in 1999 and was appointed as Director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia, from 1999 to 2003. Mr. Roebianto spent four months in 2003 as General Manager in PT Tirta Mahakam Resources Tbk. prior to joining BGA.

Mr. Roebianto obtained his Bachelor of Civil Engineering degree in 1982 from the Christian University of Indonesia.

SIE EDDY KURNIAWAN

Chief Financial Officer

Mr. Sie Eddy Kurniawan is the Group's Chief Financial Officer. He joined the Group in 2013 and is responsible for the Group's finance, accounting, and ICT department. He started his career in 1994 as a financial auditor with Arthur Andersen and left as a senior auditor in 1996 to join the financial advisory services of PricewaterhouseCoopers, where he rose to become Associate Director. In 2005, he was recruited by Sampoerna Strategic Group as Business Development Executive, and in 2007, he was appointed Chief Financial Officer of PT Sampoerna Agro Tbk., a plantation company listed on the Indonesian Stock Exchange.

Mr. Eddy obtained his Bachelor of Economics degree in 1994 from Parahyangan Catholic University.



SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY



SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

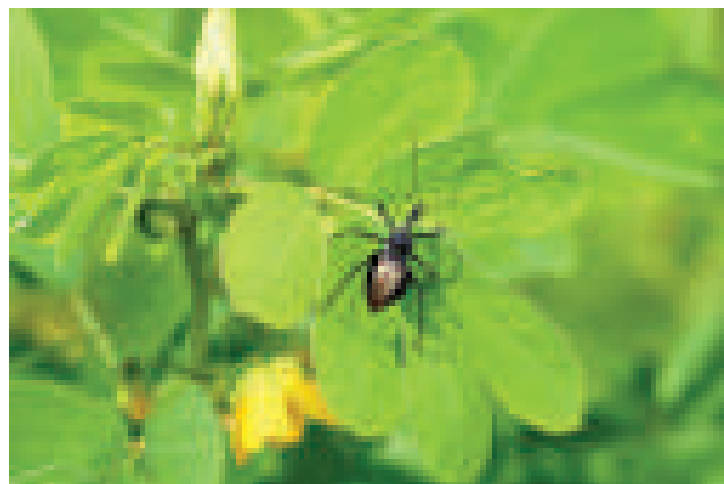
A DEEPER FOCUS ON PEOPLE, PLANET AND PROSPERITY

Sustainability is vital to the success of corporations in the current business environment. At Bumitama, we recognise the importance of being a responsible, world-class palm oil producer, and 2018 marks the fourth year since the launch of Bumitama's Sustainability Policy.

Today, sustainability is an inextricable part of our corporate DNA, it goes beyond public declaration of commitment and is ingrained in the way we conduct business. Over the recent years, we have made great strides in bolstering our sustainability measures, and we will continue to develop programmes and initiatives that are more holistic and inclusive. We are developing and

driving sustainability and corporate social responsibility ("CSR") programmes that are effective, long-lasting and self-preserving in ways that ensure they last beyond the current leadership of the Group. We are re-engineering ourselves to ensure the harmonious co-existence of oil palm plantation together with conservation and well-being of local communities through four focus areas; governance, stakeholders engagement, disclosure and impacts.

In line with our focus on People, Planet and Prosperity, Bumitama's Sustainability and CSR programme is designed to encompass our primary stakeholder groups comprising the internal community and the wider external community, which includes plasma and independent smallholders as well as the governmental and non-governmental agencies and certification bodies.



Since the launch of our Group's Sustainability Policy in 2015, we have developed a comprehensive series of Sustainability and CSR initiatives that build upon the following core objectives:

- Maintaining the alignment of our practices and operations with the Policy, recognised sustainability standards, laws and regulations and social goals like the Sustainable Development Goals launched by the United Nations in 2016;
- Improving the standard of living and welfare of our employees and their families as well as the wider communities by providing them with opportunities and resources; and
- Building strong relationship and understanding and through improved communication with local government, suppliers, customers, media, and other stakeholders in order to promote integration.

In 2018 we continued to face many challenges internally as well as externally in our efforts to deliver our Sustainability Policy and fulfil external expectation. We will continue to review and incorporate the relevant inputs from stakeholders into our three years plan from 2019 to 2021.

Refer to our Sustainability and CSR Report 2018 for more detailed insights on our Sustainability and CSR activities, performance and plans.





CORPORATE GOVERNANCE

Bumitama Agri Limited (the “Company” or “Bumitama”) and its subsidiaries (the “Group”) recognises the importance of, and is committed to observing and attaining high standards of corporate governance, business integrity and professionalism in its business and operations. The Board constantly reviews the Company’s corporate governance practices and seeks to align its practices with the development and changes in the Code of Corporate Governance 2012 (the “Code”) as well as inputs from the stakeholders. The Company has complied substantially with the principles and guidelines set out in the Code, where they are applicable, relevant and practicable. In so far as any principle and/or guideline has not been complied with, the reason has been provided.

The new Code of Corporate Governance 2018 was issued on 6 August 2018 (the “Revised Code”), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code is not updated into the Company’s corporate governance for the financial year ended 31 December 2018.

This report sets out Bumitama key corporate governance practices with reference to the Code and with the Group’s cultural pillar of morality, capability and integrity and its code of ethics which is captured by the Company’s code of conduct policy, business ethics and anti-corruption policy.

ACHIEVEMENT

The Company has been accorded 3 awards from the Asiamoney Corporate Governance Poll 2018 under the categories of Overall Most Outstanding Company in Singapore, Most Outstanding Company in Singapore – Small Cap and Consumer Staples. The Edge Billion Dollar Club had also accorded the Most Profitable Company (Agriculture Sector) award to the Company.

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The primary function of the Board is to protect and enhance long-term value and returns to its Shareholders. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. The Board focuses on the following broad areas, namely:

- Formulate corporate strategies, financial objectives and direction for the Group;
- Ensure effective management leadership of the highest quality and integrity;
- Provide oversight in the proper conduct of the Group’s businesses;
- Oversee and/or evaluate the adequacy of the internal audit, risk management, financial reporting and compliance processes; and
- Oversee and ensure high standards of corporate governance for the Group.

The Board also establishes a framework of prudent and effective internal controls which enable risks to be assessed and managed, reviews Management performance, sets the Company’s values and standards, and ensures that the Company’s obligations to Shareholders and other stakeholders are understood and met and that all decisions are made objectively and in the interest of the Company and its Shareholders.

To facilitate effective management and assist the Board in discharging its responsibilities, certain functions have been delegated by the Board to various Board Committees namely: Audit Committee (“AC”), Remuneration Committee (“RC”), Nominating Committee (“NC”) and Conflicts Resolution Committee (“CRC”), which operate under clearly defined terms of reference.

CORPORATE GOVERNANCE

The Committees are each chaired by an Independent Director and all members are Independent Directors. Each Board Committee is governed by clear terms of references approved by the Board and its role is to assist the Board in the matters that the Board delegates to it. Each Board Committee has the authority to examine any issue that arises in their specific areas and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Further details of the scopes and functions of the various Board Committees are set out in this Report.

The Board and Board Committees meetings are scheduled in advance to coincide with the announcements of the Group's quarterly results. Additional and ad hoc meetings and conference calls are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. In addition to these meetings, Independent Directors meet without the presence of Management, as and when required. The Company's Constitution provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

Directors may request for explanations, briefings by or discussions with Management on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchanged views outside the formal environment of Board meetings.

The Board met four times in respect of the financial year ended 31 December 2018 ("FY2018") whilst additional meetings were scheduled for NC and AC. The attendance of each Director at the Board and Board Committees Meetings for FY2018 is as follows:

	Board	AC	RC	NC	CRC
Number of Meetings Held	4	5	1	2	1

Name	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Lim Gunawan Hariyanto	3	NA	NA	NA	NA
Lim Christina Hariyanto	4	4 ¹	NA	1 ¹	1 ¹
Dato' Lee Yeow Chor	4	1 ¹	NA	NA	NA
Tan Boon Hoo	4	5	1	2	1
Lee Lap Wah George	4	5	1	2	1
Lim Hung Siang ²	2	3	-	-	1
Chua Chun Guan Christopher ³	2	2	1	2	-

NA: Not Applicable

¹ Attendance by invitation of the Committee

² Appointed as an Independent Director of the Company with effect from 1 June 2018

³ Resigned as an Independent Director of the Company with effect from 1 June 2018

The Board has delegated day-to-day operations to Management, while reserving certain key matters for its approval. Matters that specifically require Board approval are the Group's financial results, annual budgets, financial statements, interested person transactions, acquisitions and disposals of assets, capital expenditure plan, corporate or financial restructurings, dividend payments, commitments to banking facilities and convening of Shareholders' meetings. Board approval is also required for other matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Board believes that when making decisions, all Directors of the Board act objectively and in the interests of the Group.

Mr. Lim Hung Siang was appointed as Independent Director with effect from 1 June 2018 in place of Mr. Chua Chun Guan Christopher. The Company has a programme in place whereby newly appointed Directors would receive orientation and training, if necessary, to enable them to familiarise with the Group's senior management, business activities and the relevant regulations and governance requirements. Mr. Lim Hung Siang was accorded this programme after his appointment as independent director. Directors also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the Group's business operations. For FY2018, two independent directors had travelled to the head office and one of the Company's plantations in Central Kalimantan. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Company encourages Directors to participate in development programmes especially technology development in palm oil industry, which are considered essential and or will enhance their roles on the Board and its Committees. The cost of Directors' attendance at appropriate training courses, conferences and seminars conducted by professionals (including the Singapore Institute of Directors) will be borne by the Company.

Some of the courses/seminars/conferences attended by some of the Directors are:

- Malaysia Palm Oil Council Reach and Remind Seminar
- Standard Chartered Research Briefing – 2018 Global Outlook
- 2018 YPO EDGE – Defy Convention
- ACRE Seminar – Blue-Green Summit II
- Palm Oil Trade Show
- Sustainability Summit Asia
- SID Board Risk Committee Chairmen's Conversation – Business Transformation Risk Management

Relevant updates, news releases issued by the Singapore Exchange Trading Limited ("SGX-ST"), the Accounting and Corporate Regulatory Authority ("ACRA"), Monetary Authority of Singapore, and the External Auditor were also circulated to the Board for information.

CORPORATE GOVERNANCE

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises six members and half of the Board are Independent Directors as follows:

Name	Board	AC	RC	NC	CRC	Years of Service
Lim Gunawan Hariyanto	Executive Chairman	-	-	-	-	6.8
Lim Christina Hariyanto	Executive Director	-	-	-	-	1.6
Dato' Lee Yeow Chor	Non-Executive Director	-	-	-	-	6.8
Tan Boon Hoo	Lead Independent Director	Chairman	Chairman	Member	Chairman	6.8
Lee Lap Wah George	Independent Director	Member	Member	Chairman	Member	1.6
Lim Hung Siang	Independent Director	Member	Member	Member	Member	0.6

The strong independent element of the Board ensures that it is able to exercise objective and independent judgement on corporate affairs and on transactions involving conflicts of interest and other complexities.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factors which would render a Director to be deemed not independent. Each of the Independent Directors has provided a declaration of his independence to the NC. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors has served on the Board for a period exceeding nine years from the date of their first appointments.

The Board periodically conducts a review of its size and composition to ensure that both aspects continue to meet the needs of the Group and to maintain the effectiveness of the Board. The Board, with the concurrence of the NC, is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company's operations. The current Board comprises Directors who as a group provide core competencies such as finance, legal, business management and industry knowledge. The profile of the Directors can be found on pages 18 to 19 of this Annual Report.

Non-Executive Directors' views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors also communicate regularly with Management to discuss matters such as the Group's financial performance and corporate governance initiatives. Where necessary, the Group arranges for the Independent Directors to meet the Heads of Departments and key employees without the presence of Management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

The Chairman of the Board, Mr. Lim Gunawan Hariyanto, is also the CEO of the Company. Mr. Lim Gunawan Hariyanto plays an instrumental role as the CEO in (i) formulating the overall business and corporate policies and strategies of the Group; (ii) managing the overall business and operations of the Group; and (iii) overseeing the Group's overall business development. As Chairman of the Board, he bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings and ensures that the Directors receive complete and adequate information.

With the establishment of various Board Committees with power and authority to perform key functions and putting in place internal controls to allow effective oversight by the Board of the Group's business, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Group. The Board believes that Mr. Lim Gunawan Hariyanto's dual role as Chairman and CEO allows for more effective planning and execution of long term business strategies as he is knowledgeable in the business of the Group and provides the Group with a strong and consistent leadership.

In view of the foregoing, the Board is of the view that it is currently unnecessary to effect a separation of the roles of the Chairman of the Board from that of the CEO to facilitate the Group's decision-making and implementation process.

Taking cognizance of the non-separation of the roles of the Chairman of the Board and the CEO, the Board has in the spirit of good corporate governance, appointed Mr. Tan Boon Hoo as Lead Independent Director to serve as a channel for Shareholders in the event their concerns are not resolved through the normal channel of the Chairman and CEO or the Chief Financial Officer ("CFO"), or for which such contact is inappropriate. Mr. Tan Boon Hoo will also act as liaison between the Independent Directors and the Chairman of the Board; to provide non-executive perspectives in circumstances where it would be inappropriate for the Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three Directors, all three of whom are Independent Directors. The NC members are:

Mr. Lee Lap Wah George	(Chairman)
Mr. Tan Boon Hoo	(Lead Independent Director)
Mr. Lim Hung Siang	

The NC met on two occasions in FY2018.

The NC performs the following functions:

1. review and recommend to the Board the structure, size and composition of the Board and Board Committees;
2. determine the process for search, nomination, selection and appointment of new Board members;
3. review and make recommendations to the Board on all Board appointments, including nomination of the Directors for re-election/re-appointment, taking into account the Director's contribution and performance;
4. determine annually whether a Director is independent;
5. determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly where the Director concerned has multiple board representations;
6. evaluate the Board's performance as a whole and the contribution by each Director to the effectiveness of the Board, and to adopt appropriate measures to assess performance;
7. review succession plans, in particular, the Chairman and CEO;
8. oversee the induction, orientation and training for any new and existing Directors; and
9. undertake such other functions and duties as may be delegated by the Board.

CORPORATE GOVERNANCE

Pursuant to Regulation 91 of the Company's Constitution, one-third of the Directors will retire from office by rotation and submit themselves for re-nomination and re-election at every Annual General Meeting. Each Director is also required to retire at least once every three years. Pursuant to Regulation 97 of the Company's Constitution, any Director so appointed shall hold office until the next Annual General Meeting. A retiring Director is eligible and may be nominated for re-election.

The NC has recommended to the Board that Mr. Lim Gunawan Hariyanto and Mr. Tan Boon Hoo (retiring pursuant to Regulation 91 of the Company's Constitution) and Mr. Lim Hung Siang (retiring pursuant to Regulation 97 of the Company's Constitution), be nominated for re-election at the forthcoming Annual General Meeting ("AGM"). Mr. Lim Gunawan Hariyanto, Mr. Tan Boon Hoo, and Mr. Lim Hung Siang have signified their consent to remain in office.

In reviewing the nomination of the retiring Directors, the NC considered the performance and contribution of each of the retiring Directors, having regards not only to their attendance and participation at Board and Board Committees meetings but also the time and efforts devoted to the Group's business and affairs. The Board has accepted the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations in respect of his re-election as Director. Accordingly, Mr. Lim Gunawan Hariyanto, Mr. Tan Boon Hoo, and Mr. Lim Hung Siang have abstained from the deliberation and decision in respect of their own re-election.

The NC conducts an annual review of Directors' independence adopting the Code's definition of an Independent Director and guidelines as to relationship in determining the independence of a Director. The NC and the Board are of the view that Mr. Tan Boon Hoo, Mr. Lim Hung Siang, and Mr. Lee Lap Wah George are considered independent while Dato' Lee Yeow Chor is considered a Non-Executive and Non-Independent Director in view of his association with Oakridge Investments Pte Ltd., a substantial shareholder of the Company.

Save as disclosed, the Non-Executive Directors are not related and do not have any relationship with the Company, its related corporations, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The NC had adopted a process for the selection and appointment of new Directors which provides the procedures for identification of potential candidates' skills, knowledge, experience and assessment of candidates' suitability.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties. The NC interviews the shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committee(s).

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate's independence, in the case of the appointment of an Independent Director; (b) the composition requirements for the Board or Board Committee(s) as the case may be; (c) the candidate's track record, experience and capabilities and such other relevant factors as may be determined by the NC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Company will provide a formal letter of appointment to newly appointed Non-Executive Directors, setting out the Director's duties and obligations and terms of appointment whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment.

The NC had deliberated on succession planning for the Chairman/CEO and would bear this factor in mind when considering the appointment of any Executive Director.

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The NC is of the view that Directors who have multiple board representations have performed as well as the other Directors with lesser board representations. The Board, with the concurrence of the NC, having considered the attendance of the Directors and their contributions at meetings of the Board and Board Committees, is of the view that such multiple representations do not hinder the Directors from carrying out their duties in the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Group. The NC is also of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each vary, and thus should not be prescriptive but are not adverse to consider and review existing models available on the market for managing board representations.

As at 31 December 2018, there is no alternate Director on the Board.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has adopted an annual assessment of the performance and effectiveness of the Board and Board Committees collectively. The NC believes it is more appropriate to assess the Board as a whole, rather than assessing individual Directors, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board.

The assessment process had been continuously improved upon, with feedback from the Board and the review incorporates factors such as attendance, Board composition, conduct, input and contributions of the Board and its various committees; keeping updated on latest trends in the industry and global market; and quality, availability and sufficiency of information. Each Director evaluates and assesses the Board and the Board Committees, the results of which are consolidated, analysed and discussed within the NC, which included a comparison with the results of the preceding financial year. The results and areas to be strengthened are identified and reported to the Board.

The Chairman, in consultation with the NC, would act on the results of the assessment; upon the endorsement of the report.

For FY2018, the NC is generally satisfied with the Board evaluation results, which indicated areas of strengths and areas that could be improved further. No significant problems had been identified. The NC had discussed the results with the Board and the Board has agreed to work on the areas where improvement is necessary as appropriate.

PRINCIPLE 6: ACCESS TO INFORMATION

Prior to each Board meeting, all Directors are provided with the relevant Board papers and reports within adequate time for the Directors to review the papers and reports. These reports provide information on the Group's performance, financial position, significant issues and any other matter which may be brought before the Board. Besides these, Board members are provided with quarterly operational performance report with a short commentary so as to ensure Board members are kept updated and informed of the progress of the Group on a regular basis. Directors are also informed of any significant developments or events relating to the Group.

All Directors are updated on an on-going basis via Board meetings and/or circulars on matters relating to, *inter alia*, changes to the regulations of the SGX-ST, Companies Act, accounting standards and/or other statutory requirements. The Directors may also seek independent professional advice on any Group matters, as they require, at the Group's expense.

CORPORATE GOVERNANCE

All Directors have independent access to the senior management of the Group and the Company Secretaries. The Directors also have unrestricted access to the Group's information, minutes of Board meetings, and management accounts to enable them to carry out their duties.

At least one of the Company Secretaries attends all Board and Board Committees meetings and ensures that Board procedures are followed and that the applicable rules and regulations are complied with. The Company Secretaries are responsible for assisting the Company in its compliance with the requirements of the Companies Act, the rules of SGX-ST Listing Manual and any other applicable regulations. The Company Secretaries also ensure good information flow within the Board and the Board Committees, as well as between the senior management and Non-Executive Directors (including Independent Directors), and assists in the professional development of existing Directors, as and when required. The appointment and/or removal of the Company Secretaries are subject to Board approval.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises of three Independent Directors. The members of the RC are:

Mr. Tan Boon Hoo	(Chairman)
Mr. Lee Lap Wah George	
Mr. Lim Hung Siang	

The RC's duties include:

1. recommending to the Board a framework of remuneration for the Directors and key management personnel of the Group;
2. ensuring that these remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities;
3. reviewing and recommending Directors' fees for Non-Executive Directors, taking into account factors such as their effort, time spent, and responsibilities;
4. reviewing the service contracts of the CEO and Executive Directors (if any);
5. recommending to the Board long term incentive schemes which may be set up from time to time; and
6. undertaking such other functions and duties as may be delegated by the Board.

The Group has a formal and transparent process for developing policy on executive remuneration and fixing the remuneration packages of individual Directors and key management personnel. The RC's review covers all aspects of remuneration including but not limited to, Directors' fees, salaries, allowances, bonuses, employees share options and benefits in kind and specific remuneration package for each Director.

In developing a policy on executive remuneration, the RC seeks to link a proportion of the compensation to the Group's performance. The RC also ensures that the remuneration packages of individual Directors take into consideration the Group's performance and the performance of that individual Director. No Director is involved in deciding his own remuneration. The RC has access to external expert advice with regard to remuneration matters, if required.

The Group does not have any employee share option scheme or any long-term scheme in place.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The remuneration policy of the Company is to provide compensation packages at market rates, reward performance and attract, retain and motivate the key management personnel.

Only Non-Executive Directors (including Independent Directors) are paid Directors' fees. The Directors' fees are set in accordance with a framework comprising Board fees and additional fee(s) for serving on any of the Board Committees, and taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The payment of such fees is recommended for Shareholders' approval at the AGM of the Company.

The Executive Directors do not receive any Directors' fee. The remuneration packages of the Executive Directors and key management personnel are determined annually having regard to the performance of the individuals and the Group as well as taking into account industry standards.

The remuneration packages for the Executive Directors and key management personnel consist of both fixed and variable components. The variable component is determined based on the performance of the individual and the Group's performance in the relevant financial year. Annual increments and adjustments to remuneration are reviewed and approved taking into account the outcome of the annual appraisal of the employees. Management makes recommendations to the RC, having regard to key performance indicators, such as (a) revenue, (b) earnings before interest, depreciation and amortisation ("EBITDA"), (c) net profit, (d) planted area and (e) Fresh Fruits Bunches internal and Crude Palm Oil production. The list is not exhaustive. The Group will also consider the individual contribution to these objectives.

During FY2018, the RC met on one occasion.

Each member of the RC shall abstain from voting on any resolutions and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

The Executive Directors' Service Agreements were for an initial period of 3 years from the date of appointment respectively and are renewable for successive periods of one year each. The Service Agreements may be terminated during such term either as provided in the Service Agreements or by either party giving to the other not less than six months' written notice. There are no onerous compensation commitments on the part of the Company or its subsidiaries in the event of an early termination of the service of the Executive Directors. The Executive Directors and key management personnel of the Group are rewarded based on their achievement of certain key performance indicators and the actual results of the Group, and not on any other assigned incentives, the "claw back" provisions in their employment contracts may therefore not be relevant or appropriate. The RC will when appropriate, review the need to adopt provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstance of misstatement of financial results or of misconduct which could result in financial loss to the Group.

The RC, with the concurrence of the Board, has recommended that an amount of S\$317,500 as Directors' fees be paid to the Non-Executive Directors quarterly in arrears for FY2019. These fees will be tabled for Shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE

The annual remuneration bands for the Directors and key management personnel and the proportion of variable bonus and fixed remuneration, fee and salary of the benefit for FY2018 are set out below:

Name	Remuneration Band	Fixed Salary	Variable Bonus and Benefit	Directors' Fee	Total
Directors					
Lim Gunawan Hariyanto ¹	S\$2,500,001 - S\$2,750,000	60%	40%	-	100%
Lim Christina Hariyanto ²	S\$250,001 - S\$500,000	62%	38%	-	100%
Dato' Lee Yeow Chor	Below S\$250,000	-	-	100%	100%
Tan Boon Hoo	Below S\$250,000	-	-	100%	100%
Lee Lap Wah George	Below S\$250,000	-	-	100%	100%
Lim Hung Siang ⁴	Below S\$250,000	-	-	100%	100%
Chua Chun Guan Christopher ⁵	Below S\$250,000	-	-	100%	100%
Key Management Personnel³					
2 Executives	S\$1,750,001 - S\$2,000,000	59%	41%	-	100%
1 Executive	S\$1,250,001 - S\$1,500,000	46%	54%	-	100%

Notes:

¹ Payment partially by Indonesian subsidiaries and partly Bumitama.

² Fully paid by Indonesian subsidiaries.

³ Fully paid by Indonesian subsidiaries.

⁴ Appointed as an Independent Director with effect from 1 June 2018. The Director's fee will be prorated from his date of appointment.

⁵ Resigned as an Independent Director of the Company with effect from 1 June 2018. The Director's fee was prorated to his date of resignation.

The remuneration of the Directors and key management personnel are set out in incremental bands of S\$250,000. The Group is of the view that disclosure in incremental bands is sufficient and adequate, and that any further disclosure could be detrimental to the Group's interest, as it may hamper the Group's efforts in retaining and nurturing its talent pool, having regard to the highly competitive human resource environment, and the confidential nature of remuneration matters.

On the same basis and also due to sensitivity of such matter, it is not in the Group's interest to disclose the aggregate remuneration of its key management personnel (who are not Directors or the CEO).

Having considered Guideline 9.3 of the Code requiring the disclosure of the remuneration of at least the top 5 key management personnel (who are not directors or the CEO), the Group is only disclosing the above 3 individuals, who, besides the CEO, are considered as the Group's key management personnel and since they have supervisory roles over the other senior management of the Group.

There are three employees, who are immediate family members of a Director and/or the CEO whose remuneration exceeded S\$50,000 during FY2018. The information is set out below:

Name of Executives	Related to	Remuneration Band
Michael Raben	Brother-in-law of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S\$50,001 – S\$100,000
Lim Liana Sarwono	Sister of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S\$300,001 – S\$350,000
Gunardi Hariyanto Lim*	Brother of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S\$1,150,001 – S\$1,200,000

Note:

* As Chief Commissioner of PT Bumitama Gunajaya Agro since 2018

PRINCIPLE 10: ACCOUNTABILITY

The Board promotes timely and balanced disclosure of all material matters concerning the Group. Shareholders are updated on the operations and financial position of the Group through its quarterly and full year results announcements (in line with the Singapore Financial Reporting Standards (International) prescribed by the Accounting Standards Council of Singapore) as well as timely announcements of other matters as prescribed by the SGX-ST Listing Manual and other relevant rules and regulations.

A summary of the Group's operational highlight prepared on a quarterly basis is also released via SGXNet.

In line with the listing requirements of the SGX-ST, negative assurance statements were issued by the Board to accompany the Group's quarterly financial results announcements, confirming to the best of the Board's knowledge that nothing had come to the Board's attention which could render the Company's results announcements to be false and misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

Management provides the Board with financial information as and when required to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request Management to provide any necessary explanation on the financial information of the Group.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises that it is responsible for ensuring that Management maintains a sound system of internal controls to safeguard Shareholders' investment and the Group's assets.

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all control policies and procedures and highlights all significant matters to the AC and the Board. The Group's financial risk factors and financial risk management objectives and policies are outlined under Note 36 of the "Notes to the Financial Statements" on pages 122 to 132. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the AC and the Board are in a position to make more informed decisions and will benefit from a better balance between risk and reward. This will assist in protecting the Group's assets.

The AC, together with the Board has reviewed the effectiveness of the Group's system of internal controls put in place to address the key financial, operational, compliance and information technology risks affecting the operations.

CORPORATE GOVERNANCE

ENTERPRISE RISK MANAGEMENT (“ERM”)

Effective and prudent risk management is one of the key factors in achieving the Group's business objectives and strategic goals.

The Group has established a systematic ERM framework to identify, assess, monitor, manage and evaluate the significant business risks which the Group is exposed to. Under the ERM framework, a risk register identifying the material risks together with the internal controls to manage or mitigate those risks is maintained. A separate Management Committee and an Enterprise Risk Department were formed to oversee the ERM and ensure that the risk register is reviewed, managed and updated regularly.

The Management Committee comprises the Chief Operating Officer, CFO, Deputy Chief Operating Officer, Group Head of Corporate Secretarial Services and Corporate Social Responsibility (GH CSS&CSR) as well as the Head of the Internal Audit Department.

Risks are pro-actively identified and addressed. The ownership of these risks lies with the respective business and executive heads with stewardship residing with the Board. The Internal Audit Department together with the GH CSS&CSR review on the whole ERM system and the Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems quarterly. As the Group continues to grow and taking into account the evolving nature of its business, the Management Committee will on a regular basis, conduct an assessment on the adequacy of the framework, processes and procedures and risk identified and measured.

In 2018, the Internal Audit Department together with GH CSS&CSR conducted a review of the ERM system and the results and recommendation had been shared with AC and the Board. It was agreed that (1) further training are needed and will be conducted in phases to ensure internalisation of the purpose and method of ERM assessment and risk management; (2) the risk map was updated based on feedback from various department and management; and (3) preparation of the internal audit plan for 2019 incorporating information drawn from this revised risk map.

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

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are effective.

Based on the ERM framework established, internal controls systems maintained by the Group, work performed by the internal and external auditors, and assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology controls and risk management system of the Group are adequate and effective during FY2018.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three members, all of whom are Independent Directors. The AC members are:

Mr. Tan Boon Hoo	(Chairman)
Mr. Lee Lap Wah George	
Mr. Lim Hung Siang	

In accordance with the principles in the Code, the Board is of the view that at least two members of the AC, collectively, have the expertise and experience in accounting and financial and finance management, and are qualified to fulfill and discharge their responsibilities.

For FY2018, the AC has performed the following in accordance with their terms of reference:

1. met with both the internal and the external auditors to review the audit plans, and discussed the results of their audit findings and evaluation of the Group's system of internal accounting controls;
2. reviewed the Group's significant financial reporting issues and judgement to ensure the integrity of the financial statements of the Group and announcements relating to the Group's financial performance;
3. reviewed with the internal auditors, the scope and results of the internal audit procedures and monitored Management's response to their findings to ensure that appropriate follow-up measures are taken;
4. reviewed the effectiveness of the Group's internal audit function;
5. reviewed compliance with the corporate governance guidelines on processes and activities adopted by the Board;
6. reviewed Interested Person Transactions ("IPT") falling within the scope of Chapter 9 of the SGX-ST Listing Manual and the IPT Register;
7. made recommendations to the Board on the nomination of the external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors;
8. met with the internal and external auditors, without the presence of Management. Both the internal and external auditors had confirmed that they had received full co-operation from Management and no restrictions were placed on the scope of the respective audits;
9. kept abreast of accounting standards and issues that could potentially impact the Group's financial reporting through quarterly updates and advice from the external auditors;
10. reviewed the non-audit services provided by the external auditors of the Group, and the fees paid to them, to assess the independence and objectivity of the external auditors. The aggregate amount and breakdown of the audit and non-audit fees paid to the external auditors are found in Note 6 "General and Administrative Expenses" in the Financial Statements of this Annual Report. The AC is satisfied that the nature and extent of non-audit services had not prejudiced the independence and objectivity of the external auditors. The external auditors had also confirmed their independence in this respect; and
11. reviewed and confirmed the Group's compliance with Rules 712, 715 and 716(1) of the Listing Rules of the SGX-ST. The AC in their deliberation on the proposed appointment of Ernst & Young LLP have considered various factors, and was satisfied that the adequacy of resources and firm's experience, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. The accounts of the Company, its significant foreign-incorporated subsidiaries and its associates are audited by Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, and KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Indonesia).

The rest of the Group's subsidiaries are audited by Anwar & Rekan ("A&R"), an auditing firm which is part of DFK International, a worldwide association of independent accounting firms and business advisers. The AC is satisfied that the appointment of A&R would not compromise the standard and effectiveness of the audit of the Group. The list of the Group's subsidiaries are disclosed on Note 9 of the "Investments in Subsidiaries" on pages 83 to 86 of this Annual Report.

The AC with the concurrence of the Board has recommended the nomination of Ernst & Young LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

The AC has explicit authority within the scope of its responsibilities to seek any information it requires or investigate any matter within its terms of reference. In particular, the AC has full access to both the external and internal auditors. It also has full discretion to invite any Director, and/or Management to attend its meetings.

CORPORATE GOVERNANCE

The Group has put in place a **whistle-blowing policy**, whereby staff of the Group or any other persons such as customers, suppliers, contractors or local community may, in good faith and confidence, without fear of reprisals raise concerns about possible improprieties in financial reporting, unethical practices or other matters. Anonymous disclosures will also be accepted and anonymity honoured. Arrangements are also in place for the confidential and independent investigation of such matters and for appropriate follow up actions; always mindful of protecting the identity and interest of all whistle blowers. The whistle-blowing policy and the procedures put in place to implement such a policy, has been reviewed by the AC and made available to all employees.

During FY2018, the Group had received whistle-blowing reports which were also highlighted to the AC's attention. The whistle-blowing reports highlighted several incidents of impropriety carried out at the Group's plantations in Indonesia. These incidents were not material to the Group's financial statements and operations and remedial actions had been taken to address the issues.

PRINCIPLE 13: INTERNAL AUDIT

A dedicated in-house internal audit team ("IA") is in place to review, at least once annually, the risks of the Group's policy, procedures and activities. The IA has free access to all of the Group's records and documents and reports directly to the AC on any material non-compliance and internal control weakness.

The Head of the IA reports directly to the Chairman of the AC on audit matters and to the CFO on administrative matters. The Head of the IA also shares the IA report with Management so as to ensure that the recommended corrective and preventive actions are taken. Every quarter, the IA prepares the internal audit report and reports the key issues, highlighting concerns, if any, to the AC. Feedback from the AC is taken note of, acted on and monitored. Within this framework, the internal audit function provides reasonable assurance that the risks of the Group will be identified, analysed and managed by Management. The IA will also make recommendations to enhance the effectiveness and security of the Group's operations.

The AC ensures that the internal audit function is adequately resourced and qualified. On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function. The IA prepares and present internal audit plan which incorporated feedback from the AC reviews, categorised inputs gathered from the audits, reviewing risk map, core programmes of the Group and critical internal control areas. To ensure maximisation of human resources in this department, IA has a training programme drawn up specifically to ensure that the team is kept updated and current on matters of audit, risks and internal controls based on the recommendations of the AC. The IA department is staffed with suitably qualified and experienced professionals with operational and financial experiences.

In addition to the work performed by the internal audit team, the external auditors also performed tests of certain controls that are relevant to the preparation of the Group's financial statements. The external auditors report any significant deficiencies of such internal controls to the AC. The AC also reviews the effectiveness of measures taken by Management to address the issues noted by the external auditors. The internal controls are continually being refined by Management.

PRINCIPLE 14, PRINCIPLE 15 & PRINCIPLE 16:

SHAREHOLDERS RIGHTS

COMMUNICATION WITH SHAREHOLDERS

CONDUCT OF SHAREHOLDER MEETINGS

The Group is committed to disseminate information to Shareholders regularly and on a timely basis. It aims to provide Shareholders with clear, balanced, useful and material information to ensure that Shareholders receive a balanced and up-to-date view of the Group's strategic development, performance and business. The Company also takes input from stakeholders by considering and balancing the needs and interests of material stakeholders.

Announcements on material information and the release of quarterly and full year results are released via SGXNet. Every quarter, the Group's senior management holds briefings and/or conference calls with analysts and the media to coincide with the release of the Group's results announcements. Analyst presentation slides will also be released on SGXNet and made available on the Company's website. In addition, Management takes an active role in investor relations, meeting local and foreign fund managers and analysts regularly as well as participating in roadshows and conferences both locally and overseas. For a more hands-on experience, investors, analysts, bankers and representatives from government organisations, civil societies and many other stakeholders were also invited to the Group's plantations.

All Shareholders of the Company receive the annual report of the Company and notice of the AGM, together with explanatory notes, at least 14 days before the meeting. The notice is also advertised in a national newspaper.

The Group's main forum for dialogue with Shareholders takes place at its AGM, where members of the Board, senior management and the external auditors are in attendance. In particular, the chairpersons of the Audit, Nominating, Remuneration and Conflicts Resolution Committees will all endeavor to be present and available to address questions raised at the AGM.

The Group's external auditors are also invited and required to attend the AGM and are available to assist the Directors in addressing any relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of their Auditors' Report.

Shareholders will be given the opportunity to air their views and ask questions regarding matters affecting the Group. The Company's Constitution allows a Shareholder to appoint one or two proxies to attend and vote at the general meetings on his/her behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meeting without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and growth. If Shareholders are unable to attend the meetings, the Constitution allows a Shareholder of the Company to appoint up to two proxies to attend and to vote in place of the Shareholder through proxy form sent in advance.

As the authentication of Shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate.

The minutes of general meetings, which will typically include relevant and substantial comments from Shareholders relating to the agenda of the meetings and responses from Management, will be made available to Shareholders upon written request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings. Electronic poll voting may be efficient in terms of speed but may not be cost effective. In this respect, the Company did not adopt electronic poll voting.

DIVIDEND POLICY

The Group has a dividend policy to distribute up to 40% of its distributable income. The policy on distribution of dividend depends on the results of the Group's cash flow and financial position, capital expenditure plan, debt repayment schedule, dividends received from its subsidiaries, industry conditions and prospects, and other factors deemed relevant by the Board of Directors.

For FY2018, the Group had declared and paid interim dividend of S\$0.0075 per ordinary share on 14 September 2018. A final dividend of S\$0.02 per ordinary share for FY2018 has been recommended by the Board and subject to the approval by Shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE

CONFLICTS RESOLUTION COMMITTEE

In light of the interest of the Group's controlling shareholders in the palm oil business outside of the Group (in particular, the controlling stake which IOI Corporation has in SNA and BAS), the Board has adopted certain procedures to address conflicts or potential conflicts of interest issues that may arise from time to time in the course of business conducted or carried on by the Group.

The CRC comprises three members, all of whom are Independent Directors. The members are:

Mr. Tan Boon Hoo (Chairman)
Mr. Lee Lap Wah George
Mr. Lim Hung Siang

The CRC performs the following functions:

1. review on an annual basis the protocols established to resolve conflicts or potential conflicts of interest, so as to ascertain that the guidelines are adequate and relevant to the business and affairs of the Group; and
2. review specific conflicts or potential conflicts of interests that may arise from time to time and to ensure that such conflicts are dealt with or resolved properly.

Management maintains a record of potential conflict transactions (deliberated on as well as decided). Any member of the CRC is entitled to inspect such records.

Within 45 days from the end of each financial quarter and 60 days from the full year results announcement, Management will circulate or present information on transactions or potential transactions carried out or rejected in the immediately preceding financial quarter to the Board. However, this information will not be extended to the Directors who are in a conflict or potential conflict of interest situation.

On a quarterly basis, the CRC will receive reports from the internal auditors who provide confirmation that the protocols have been adhered to in the preceding quarter.

DEALINGS IN SECURITIES

The Group has adopted an internal compliance code on Securities Transaction ("Compliance Code") which provides guidance and internal regulation with regard to dealings in the Company's securities by the Company, its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified in advance of the commencement of each "closed period". The Compliance Code has been disseminated and made available to all employees.

The Group confirmed that it has adhered to its Compliance Code for FY2018 pursuant to Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS

The Group has established internal guidelines to ensure compliance with the requirements of Chapter 9 of the Listing Manual on interested person transactions. The main objective is to ensure that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Shareholders.

In particular, the CFO will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers are updated quarterly based on submissions by the designated persons. The AC reviews all transactions recorded in the register of interested person transactions on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures established by the Group.

The aggregate value of interested person transactions entered into by the Group in FY2018 is as follows:

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 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S\$100,000)
	in IDR million	in IDR million
Mr. Gunardi Hariyanto Lim ¹	2,400	-
Goldwood Investments Ltd. ²	-	-
IOI Corporation Berhad ³	-	155,770
PT Sawit Nabati Agro ⁴	-	-
PT Lima Srikandi Jaya ⁵	4,800	-
TOTAL	7,200	155,770

Notes:

- * For illustrative purpose the aggregate value of all interested person transactions, conducted under the Shareholders' Mandate during the financial year under review using the current period closing rate.
- ¹ In respect of the aggregate rent paid by the Group to Mr. Gunardi Hariyanto Lim for office space in Indonesia pursuant to the lease agreement between Mr. Gunardi Hariyanto Lim and PT Bumitama Gunajaya Agro.
- ² In respect of the aggregate rent paid by the Group to Goldwood Investments Ltd. for FY2018 pursuant to the lease agreement between Goldwood Investments Ltd. and the Company as described on page 211 of the Prospectus.
- ³ In respect of transactions conducted pursuant to the Shareholders' Mandate for Transactions with IOI Corporation and its Associates (as described in the Prospectus).
- ⁴ In respect of transactions conducted pursuant to the Shareholders' Mandate for transaction with Sawit Nabati Agro (SNA) Group (as described in the Prospectus).
- ⁵ In respect of the rental agreement of barge transactions involving PT Lima Srikandi Jaya which is one of the subsidiaries of Harita Group. Harita Group is owned by Lim family and also one of the Company's controlling shareholders.

MATERIAL CONTRACTS

Save as disclosed above in the sections on "Interested Person Transactions" and Service Agreements entered into between the Company and the Executive Director, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, each Director or controlling shareholders, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of FY2018.

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DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up 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 the financial performance, changes in equity and cash flows of the Group for the 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:

Lim Gunawan Hariyanto
 Lim Christina Hariyanto
 Dato' Lee Yeow Chor
 Tan Boon Hoo
 Lee Lap Wah George
 Lim Hung Siang (appointed on 1 June 2018)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Ordinary shares of the Company				
Lim Gunawan Hariyanto	–	–	903,157,774	903,157,774
Dato' Lee Yeow Chor	–	–	556,672,070	556,672,070
Lim Hung Siang	50,000	50,000	–	–

DIRECTORS' STATEMENT

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES (continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Lim Gunawan Hariyanto and Dato' Lee Yeow Chor are deemed to have interests in shares of the subsidiaries of the Company to the extent that the Company has interest.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries. The Company does not have any share option scheme.

6. AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' STATEMENT

6. **AUDIT COMMITTEE** (continued)

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened five meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

7. **AUDITOR**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Lim Christina Hariyanto
Director

Tan Boon Hoo
Lead Independent Director

Singapore
22 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUMITAMA AGRI LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the 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 balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 for the 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUMITAMA AGRI LTD.

Key Audit Matters (continued)

Deferred Tax Assets

The recoverability of the deferred tax assets ("DTA") is significant to our audit because of the complexity of the estimation process which involved significant management judgement given that it is dependent on management's forecast of future profitability.

We performed the following procedures amongst others in our audit of DTA:

- assessed and tested management's assumptions to determine if it is probable that sufficient taxable income will be available in the future to utilise the DTA
- compared the consistency of management's profit forecasts with those included in the financial budgets approved by the Board of Directors
- assessed the reasonableness of management's assumptions used in the estimation of future profitability by comparing past forecasted results against actual results and by comparing the key assumptions, such as projected crude palm oil price, Fresh Fruit Bunch ("FFB") yield and cost of production, against external sources and historical trends
- assessed the adequacy of the disclosure in Note 18 to the financial statements

Goodwill impairment

SFRS(I) 1-36 requires goodwill to be assessed for impairment annually. Management has engaged an independent valuer to assist them in preparing a discounted cash flow model to estimate the recoverable value of the goodwill using the value-in-use method. The audit procedures over management's annual goodwill impairment test is significant to our audit because the recoverable value is determined by a value-in-use calculation using a discounted cash flow model which is complex, judgmental and subjective. The plantation estates are individually identified as a single cash generating unit ("CGU") for impairment testing.

The recoverable value of each CGU to which the goodwill is attributed to was determined using the discounted cash flow model. The cash flow model estimates the relevant future cash flows which are expected to be generated in the future and are discounted to the present value by using a discount rate approximating the weighted cost of capital of the industry. The estimation of future cash flows requires the use of a number of significant operational and predictive assumptions, such as fresh fruit bunch yield rate, extraction rate, projected selling price, inflation rate, exchange rate and also factors in terminal value after the implicit period of 5 years.

We performed the following procedures amongst others in our audit of Goodwill:

- reviewed the discounted cash flow model to assess the appropriateness of the methodology employed by management
- compared the operational assumptions against historical data and trend to assess their reasonableness
- evaluated and assessed reasonableness of the key assumptions used in the impairment analysis, in particular the inflation rate, projected crude palm oil price and the discount rate used in the analysis
- reviewed adequacy of the disclosures relating to those key assumptions to which the outcome of the impairment test is most sensitive. The Group's disclosures on goodwill are in Note 14 to the financial statements, which explain that any material changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUMITAMA AGRI LTD.

Key Audit Matters (continued)

Other Information

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUMITAMA AGRI LTD.

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

- 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.

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 those subsidiary corporations 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 Low Bek Teng.

Ernst & Young LLP

Public Accountants and Chartered Accountants
Singapore

22 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 IDR million	2017 IDR million
Revenue	4	8,381,185	8,131,384
Cost of sales	5	(5,990,133)	(5,742,214)
Gross profit		2,391,052	2,389,170
Other items of income:			
Other income		11,358	16,734
Interest income	6	164,847	147,919
Other items of expenses:			
Selling expenses	6	(280,143)	(207,604)
General and administrative expenses	6	(262,700)	(241,750)
Finance cost	6	(199,804)	(166,028)
Share of loss of associate companies		-	(2,285)
Fair value changes in biological assets		(47,657)	35,819
Foreign exchange loss		(57,148)	(5,817)
Other expenses		(14,517)	(71,702)
Profit before taxation		1,705,288	1,894,456
Income tax expense	7	(409,950)	(470,260)
Profit for the year		1,295,338	1,424,196
Attributable to:			
Owners of the Company		1,097,080	1,193,341
Non-controlling interests		198,258	230,855
		1,295,338	1,424,196
Earnings per share attributable to owners of the Company			
Basic and diluted (IDR per share)	8	627	682

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 IDR million	2017 IDR million
Profit for the year		1,295,338	1,424,196
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation loss		(257,001)	(26,522)
Fair value reserve on derivative financial liabilities		11,560	55,126
<i>Item that will not be reclassified to profit or loss:</i>			
Re-measurement gain on defined benefit plans	28	720	1,392
Other comprehensive income for the year, net of tax		(244,721)	29,996
Total comprehensive income for the year		1,050,617	1,454,192
Total comprehensive income attributable to:			
Owners of the Company		852,061	1,223,260
Non-controlling interests		198,556	230,932
		1,050,617	1,454,192

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

		Group			Company		
	Note	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
ASSETS							
Non-current assets							
Investments in subsidiaries	9	-	-	-	2,131,110	1,402,450	854,370
Investments in associate companies	10	-	-	2,285	154,070	144,144	142,952
Bearer plants	11	7,503,534	7,293,124	7,024,690	-	-	-
Property, plant and equipment	12	3,458,793	3,443,333	3,307,380	3,468	34	79
Land use rights	13	958,837	909,603	815,034	-	-	-
Intangible assets	14	177,424	174,165	176,034	-	-	-
Plasma receivables	15	1,716,271	1,258,436	923,331	-	-	-
Due from subsidiaries	16	-	-	-	7,175,044	7,262,010	8,041,210
Loan to an associate company	17	82,693	72,541	68,084	82,693	72,541	68,084
Deferred tax assets	18	231,221	231,920	149,113	-	-	-
Deferred charges		-	-	6,228	-	-	6,228
Total non-current assets		14,128,773	13,383,122	12,472,179	9,546,385	8,881,179	9,112,923
Current assets							
Biological assets	19	248,413	296,070	260,251	-	-	-
Inventories	20	592,400	443,559	611,617	-	-	-
Deferred charges		8,538	7,779	5,333	60	88	50
Trade and other receivables	21	479,847	286,518	277,770	194	-	-
Due from related companies	22	50	50	478	-	-	-
Plasma receivables	15	219,590	259,675	302,246	-	-	-
Prepayments and advances		18,660	10,646	10,784	1,078	62	101
Dividend receivables		-	-	-	-	-	13,314
Prepaid taxes		543,480	385,412	309,230	80	60	44
Cash and short-term deposits	23(a)	299,053	216,715	517,097	40,637	28,236	23,700
Total current assets		2,410,031	1,906,424	2,294,806	42,049	28,446	37,209
Total assets		16,538,804	15,289,546	14,766,985	9,588,434	8,909,625	9,150,132

BALANCE SHEETS

AS AT 31 DECEMBER 2018

		Group			Company		
	Note	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
LIABILITIES AND EQUITY							
Current liabilities							
Loans and borrowings	24	796,455	338,700	1,007,700	796,455	338,700	1,007,700
Trade and other payables	25	774,865	499,605	572,029	2,225	1,303	13
Accrued operating expenses	26	209,829	190,679	171,012	64,586	54,977	56,366
Islamic medium term notes	27	3,492,597	-	-	3,492,597	-	-
Dividend payables		-	-	1,397	-	-	-
Sales advances		12,927	50,495	30,996	-	-	-
Taxes payable		112,013	198,357	132,231	-	-	1
Derivative financial liabilities	29	1,028,512	-	-	1,028,512	-	-
Total current liabilities		6,427,198	1,277,836	1,915,365	5,384,375	394,980	1,064,080
Net current (liabilities)/assets		(4,017,167)	628,588	379,441	(5,342,326)	(366,534)	(1,026,871)
Non-current liabilities							
Deferred tax liabilities	18	128,273	183,759	164,488	-	-	-
Loans and borrowings	24	934,900	1,077,638	868,634	934,900	1,077,638	868,634
Islamic medium term notes	27	-	3,332,622	2,991,828	-	3,332,622	2,991,828
Employee benefits liability	28	48,705	39,139	39,082	-	-	-
Derivative financial liabilities	29	-	906,840	1,265,881	-	906,840	1,265,881
Total non-current liabilities		1,111,878	5,539,998	5,329,913	934,900	5,317,100	5,126,343
Total liabilities		7,539,076	6,817,834	7,245,278	6,319,275	5,712,080	6,190,423
Net assets		8,999,728	8,471,712	7,521,707	3,269,159	3,197,545	2,959,709
Equity attributable to owners of the Company							
Share capital	30	1,807,045	1,807,045	1,807,045	1,807,045	1,807,045	1,807,045
Treasury shares	30	(133,713)	(131,028)	(17,946)	(133,713)	(131,028)	(17,946)
Other reserves	31	(209,891)	(199,808)	(254,934)	(3,310)	(14,870)	(69,996)
Retained earnings		6,569,298	5,977,826	5,162,032	481,822	636,267	360,141
Foreign currency translation reserve	32	(261,629)	(4,628)	21,894	1,117,315	900,131	880,465
		7,771,110	7,449,407	6,718,091	3,269,159	3,197,545	2,959,709
Non-controlling interests		1,228,618	1,022,305	803,616	-	-	-
Total equity		8,999,728	8,471,712	7,521,707	3,269,159	3,197,545	2,959,709
Total liabilities and equity		16,538,804	15,289,546	14,766,985	9,588,434	8,909,625	9,150,132

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company						Non-controlling interests IDR million	Total equity IDR million
	Share capital IDR million	Treasury shares IDR million	Retained earnings IDR million	Other reserves IDR million	Foreign currency translation reserves IDR million	Total share capital and reserves IDR million		
Group								
2018								
Balance as of 1 January 2018	1,807,045	(131,028)	5,977,826	(199,808)	(4,628)	7,449,407	1,022,305	8,471,712
Profit for the year	-	-	1,097,080	-	-	1,097,080	198,258	1,295,338
Other comprehensive income:								
Fair value reserve on derivative financial liabilities	-	-	-	11,560	-	11,560	-	11,560
Foreign currency translation loss	-	-	-	-	(257,001)	(257,001)	-	(257,001)
Re-measurement gain on defined benefit plan (Note 28)	-	-	422	-	-	422	298	720
Total comprehensive income for the year, net of tax	-	-	1,097,502	11,560	(257,001)	852,061	198,556	1,050,617
Contributions by and distributions to owners:								
Contributions from non-controlling interests	-	-	-	-	-	-	61,511	61,511
Buy-back of ordinary shares	-	(2,685)	-	-	-	(2,685)	-	(2,685)
Dividends on ordinary shares (Note 38)	-	-	(506,030)	-	-	(506,030)	-	(506,030)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(75,397)	(75,397)
Total contributions by and distributions to owners	-	(2,685)	(506,030)	-	-	(508,715)	(13,886)	(522,601)
Changes in ownership interests in subsidiaries								
Increase in ownership in subsidiary without a change in control (Note 9(c))	-	-	-	(21,643)	-	(21,643)	21,643	-
Total changes in ownership interests in subsidiaries	-	-	-	(21,643)	-	(21,643)	21,643	-
Balance as at 31 December 2018	1,807,045	(133,713)	6,569,298	(209,891)	(261,629)	7,771,110	1,228,618	8,999,728

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company							
	Share capital IDR million	Treasury shares IDR million	Retained earnings IDR million	Other reserves IDR million	Foreign currency translation reserves IDR million	Total share capital and reserves IDR million	Non-controlling interests IDR million	Total equity IDR million
Group								
2017								
Balance as of 1 January 2017	1,807,045	(17,946)	5,162,032	(254,934)	21,894	6,718,091	803,616	7,521,707
Profit for the year	-	-	1,193,341	-	-	1,193,341	230,855	1,424,196
Other comprehensive income:								
Fair value reserve on derivative financial liabilities	-	-	-	55,126	-	55,126	-	55,126
Foreign currency translation loss	-	-	-	-	(26,522)	(26,522)	-	(26,522)
Re-measurement gain on defined benefit plan (Note 28)	-	-	1,315	-	-	1,315	77	1,392
Total comprehensive income for the year, net of tax	-	-	1,194,656	55,126	(26,522)	1,223,260	230,932	1,454,192
Contributions by and distributions to owners:								
Contributions from non-controlling interests	-	-	-	-	-	-	87,004	87,004
Buy-back of ordinary shares	-	(113,082)	-	-	-	(113,082)	-	(113,082)
Dividends on ordinary shares (Note 38)	-	-	(378,862)	-	-	(378,862)	-	(378,862)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(99,247)	(99,247)
Balance as at 31 December 2017	1,807,045	(131,028)	5,977,826	(199,808)	(4,628)	7,449,407	1,022,305	8,471,712

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 IDR million	2017 IDR million
Cash flows from operating activities		
Cash receipts from customers	8,135,990	8,137,497
Cash payments to suppliers, employees and for other operating expenses	(6,161,653)	(5,893,540)
Cash receipts from operating activities	1,974,337	2,243,957
Income tax paid	(456,883)	(361,166)
Net cash flows generated from operating activities (Note 23(b))	1,517,454	1,882,791
Cash flows from investing activities		
Increase in plasma receivables	(379,114)	(222,705)
Investment in intangible assets	(3,483)	(574)
Investment in bearer plants	(338,817)	(424,107)
Purchase of property, plant and equipment	(290,340)	(372,051)
Investment in land use rights	(76,452)	(79,326)
Net cash outflows for the acquisition of subsidiaries (Note 9 (d))	-	(74,437)
Interest received	159,210	143,650
Net cash flows used in investing activities	(928,996)	(1,029,550)
Cash flows from financing activities		
Proceeds from loans and borrowings	508,771	199,800
Repayment of loans and borrowings	(291,410)	(668,315)
Increase in amount due from related companies	-	428
Dividends paid	(570,118)	(381,859)
Contributions from non-controlling interests	61,511	-
Buy-back of ordinary shares	(2,685)	(113,082)
Interest paid	(217,449)	(187,588)
Net cash flows used in financing activities	(511,380)	(1,150,616)
Net increase/(decrease) in cash and cash equivalents	77,078	(297,375)
Effect of exchange rate changes on cash and cash equivalents	5,260	(3,007)
Cash and cash equivalents at beginning of the year	216,715	517,097
Cash and cash equivalents at the end of the year (Note 23(a))	299,053	216,715

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

Bumitama Agri Ltd. (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's immediate holding company is Wellpoint Pacific Holdings Ltd ("Wellpoint") incorporated in British Virgin Islands. Wellpoint is ultimately held by the Hariyantos.

The registered office of the Company is located at 10 Anson Road, #11-19, International Plaza, Singapore 079903. The principal place of operations is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta Selatan, Indonesia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are that of investment holding, operating oil palm plantations and palm oil mills, and the production and trading of crude palm oil and related products.

Related companies in these financial statements refer to the Hariyanto family's group of companies.

Related parties in these financial statements refer to members of IOI Corporation Berhad and its subsidiaries ("IOI Group") as IOI Group is a substantial shareholder of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Indonesian Rupiah ("IDR") and all values are rounded to the nearest million ("IDR million"), except when otherwise indicated.

Going concern assumption

As at 31 December 2018, the Group's and the Company's current liabilities exceeded its current assets by IDR 4,017,167 million and IDR 5,342,326 million respectively due to maturity of some debts within the next 12 months. The Directors are of the view that the Group and the Company are able to continue as a going concern as the Group and the Company have secured banking facilities amounting to USD 175 million obtained subsequent to year end (approximately IDR 2,534,175 million) which are available for refinancing of the maturing debts as well as future use should the need arise. In addition to the Group's net positive cash flow position, the Group and the Company also have sufficient unutilised Islamic Medium Term Notes of MYR 1 billion (approximately IDR 3,492,597 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 First-time adoption of SFRS(I)

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company. The nature of the changes arising from the adoption of SFRS(I) 9 are described below.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 *First-time adoption of SFRS(I)* (continued)

SFRS(I) 9 Financial Instruments (continued)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

As the Group closely monitors the credit risks arising from the financial assets as detailed in Note 36(d), there is no significant impact arising from the assessment of impairment of these financial instruments under SFRS(I) 9.

Hedge accounting

The new hedge accounting rules under SFRS(I) 9 aligns the accounting for hedging instruments more closely with the Group's risk management strategy. As a general rule, more hedge relationships may be eligible for hedge accounting as SFRS(I) 9 introduced a more principle-based approach. There is no significant impact on the current hedging relationships entered into by the Group under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-19 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I) 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has performed a preliminary impact assessment of the adoption of SFRS(I) 16 and does not expect significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 *Basis of consolidation and business combinations* (continued)

(b) *Business combinations and goodwill* (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid/transferred and the equity of the acquired entity is reflected within the equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities had always been consolidated since the date the entities had come under common control. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency

The Group's financial statements are presented in Indonesian Rupiah ("IDR") which is also the functional currency of its Indonesian entities. The functional currency of the Company is United States Dollars ("USD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into IDR at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Revenue and other income

Revenue is measured based on the consideration to 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.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the buyer, usually on delivery of goods as performance obligation is judged to have been satisfied and revenue is therefore recognised.

Payments received from the buyer are recorded as sales advances until all of the criteria for revenue recognition are met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 *Revenue and other income* (continued)

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Management fee*

Management fee is earned from managing related companies and providing plantation support services to related companies.

2.8 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 *Bearer plants*

Bearer plants comprise mature and immature oil palm plantations and nurseries.

Bearer plants are measured at accumulated cost before maturity and at cost, less any subsequent accumulated depreciation and impairment, with changes recognised in profit or loss. Bearer plants at cost mainly consist of cost relating to development of the oil palm such as land clearing, planting, fertilising, up-keeping/maintaining the plantations, and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest.

Depreciation is computed on a straight-line basis over the estimated useful lives of 25 years.

Bearer plants which are not matured are not depreciated as these are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the bearer plant is included in profit or loss in the year the asset is derecognised.

2.11 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.14. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Buildings	5-20
Renovations	2
Infrastructure	20
Machinery and equipment	5-20
Vehicles and heavy equipment	5-10
Furniture and fixtures	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 *Property, plant and equipment* (continued)

Depreciation of property, plant and equipment related to the plantations are allocated proportionately based on the area of mature and immature plantations.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

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 in accordance with Note 2.15.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.12 *Land use rights*

Hak Guna Usaha ("HGU") or Right to Cultivate and Hak Guna Bangunan ("HGB") or Right to Build are land rights that grant the registered holders of such rights use of the land for a period up to 35 years.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis according to the rights period, which are over the period of 20 to 35 years.

2.13 *Intangible assets*

(a) *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 *Intangible assets* (continued)

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Other intangible assets represent the cost of software, which is not an integral part of a related hardware that covers all direct cost related to the acquisition and preparation of the software for its intended use. The intangible asset is being amortised on a straight-line basis over the estimated useful life of five years from its initial use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.14 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 *Impairment of non-financial assets* (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years or longer. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.16 *Plasma receivables*

Plasma receivables represent loans to Plasma farmers under the Indonesian Government policy - Kredit Koperasi Primer untuk Anggota ("KKPA") scheme for the development of plasma plantations and its infrastructures, covering costs incurred for seedling, land clearing, cultivating, fertilising, maintenance and other indirect expenses. Under the KKPA scheme, when bearer plants are transferred to the Plasma farmers, plasma receivables will be recorded.

Plasma receivables are either immediately claimed from the financing banks, temporarily self-funded by the Group for those awaiting bank's funding, or shall be reimbursed by the Plasma farmers. Plasma receivables include advances to Plasma farmers for loan installments paid to banks. This account is presented at net amount after funding received from the banks. Bank financing are soft loans obtained by cooperatives whose agreements were signed by Plasma farmers and the respective bank for which the Group acts as guarantors for the loans repayment.

Costs incurred during development of the oil palm plantations and temporary funding given to the Plasma farmers for working capital purposes are included in plasma receivables in the balance sheet. The funds received from the designated banks on behalf of the Plasma farmers for the development and operations of the plantations are deducted from the plasma receivables on the balance sheet.

Plasma receivables are classified as financial assets carried at amortised cost under SFRS(I) 9. The accounting policy for financial instruments is set out in Note 2.18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 *Biological assets*

Biological assets comprise fresh fruit bunches ("FFB").

Biological assets are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of FFB at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of FFB at each reporting date are included in profit or loss for the period in which they arise.

The fair value of the biological assets is measured by reference to estimated FFB quantities and publicly available index price set by government.

In determining the estimated FFB production quantities, the Group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

2.18 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) ***Amortised cost***

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 *Financial instruments* (continued)

(a) *Financial assets* (continued)

Subsequent measurement (continued)

Investments in debt instruments (continued)

(ii) ***Fair value through other comprehensive income ("FVOCI")***

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) ***Fair value through profit or loss***

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments 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)

2.18 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Derivatives

The Group uses derivative financial instruments such as cross currency swaps to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date. The Group had applied hedge accounting on its cross currency swaps. The accounting policy for hedge accounting is set out in Note 2.32.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year. The fair value of cross currency swaps are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid 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)

2.19 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.20 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are not pledged as collateral and not restricted.

2.21 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials (comprising fertilisers and chemicals and other supplies): purchase costs.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

FFB are initially recognised at fair value less estimated costs to sell and subsequently at the lower of net realisable value and initial recognition value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Operating leases – As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Taxes (continued)

(b) *Deferred tax* (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is recognised during the measurement period or in profit or loss.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the 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 and payable to, the taxation authority is presented as prepaid taxes and part of other payables in the balance sheet.

2.24 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Employee benefits

(a) 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 pension schemes are recognised as an expense in the period in which the related service is performed.

(b) 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 Labor Law No.13/2003. The said additional provisions are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Treasury shares

The Group's own equity instruments, which are reacquired ("treasury shares") are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.30 Segment reporting

For management purposes, the Group is organised into business units based on their products, and has two operating segments as follows:

- (a) Plantations and Palm Oil Mills

Plantations and palm oil mills segment is principally involved in the cultivation and maintenance of oil palm plantations and operation of palm oil mills.

- (b) Downstream Biodiesel Refinery

Processing biodiesel plant and sells biodiesel products from the refinery.

As the downstream biodiesel refinery segment information is quantitatively insignificant to the Group, operating segment information is not presented.

The Group operates in only one country, and therefore does not present geographical segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.19 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.32 *Hedge accounting*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2018 and 2017.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management did not make any judgements that have effect on the amounts recognised in the financial statements.

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 reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.13(a). As disclosed in Note 14, the recoverable amounts of the cash generating units which goodwill have been allocated to have been determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14.

(b) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax credits to the extent that it is probable that taxable profit will be available against which the tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits. In determining the timing and level of future taxable profits, the Group assessed the probability of expected future cash inflows based on expected taxable profit for the next 5 years.

Details of unutilised tax losses and unused tax credits are disclosed in Note 18.

(c) *Fair value of biological assets ("FFB")*

Biological assets are measured at fair value less estimated costs to sell. The fair value of FFB is measured by reference to estimated FFB quantities and publicly available index price set by government. In determining the fair value of the FFB, the Company considers the estimated yield of the biological assets which is dependent on the age of the oil palm tree, the location, soil type and infrastructure. The management reviews the assumptions and estimates periodically to identify any significant change in the fair value of FFB.

Details of assumptions used and sensitivity analysis are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(d) Income tax

Significant judgement is involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority. The carrying amount of the Group's tax payables as at 31 December 2018 is IDR 112,013 million (31 December 2017: IDR 198,357 million, 1 January 2017: IDR 132,231 million).

4. REVENUE

	Group	
	2018 IDR million	2017 IDR million
Disaggregation of revenue by major product:		
Crude Palm Oil ("CPO")	7,299,413	6,744,121
Palm Kernel ("PK")	1,081,772	1,118,711
Biodiesel	-	265,326
Glycerin	-	3,226
Total revenue	8,381,185	8,131,384

For further disaggregation of revenue by business and geographical segments, refer to Note 2.30 to the financial statements.

5. COST OF SALES

	Group	
	2018 IDR million	2017 IDR million
Cost of inventories recognised as an expense (Note 20)	3,363,585	3,130,904
Depreciation of mature bearer plants, property, plant and equipment and land use rights (Notes 11, 12 and 13)	537,991	506,786
Plantation costs	1,751,832	1,589,204
Mill and processing costs	336,725	255,992
Biodiesel costs	-	259,328
Total cost of sales	5,990,133	5,742,214

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after (charging)/crediting the following income and expenses:

	Group	
	2018 IDR million	2017 IDR million
Interest income		
Interest income from financial assets carried at amortised cost	164,847	147,919
Selling expenses		
Freight	(251,077)	(183,984)
Loading expense	(29,066)	(23,620)
Total selling expenses	(280,143)	(207,604)
General and administrative expenses		
Audit fees:		
- Auditor of the Company	(1,557)	(1,406)
- Other auditors	(3,883)	(3,339)
Non-audit fees:		
- Other consultants	(47)	(32)
Employees' benefit expense:		
- Salaries, wages and other staff related expenses	(155,728)	(127,222)
- Defined benefit plan (Note 28)	(18,564)	(17,793)
- Defined contribution plan	(1,062)	(582)
Transportation	(4,786)	(4,856)
Training	(10,399)	(12,034)
Depreciation of property, plant and equipment (Note 12)	(9,003)	(9,412)
Amortisation of intangible assets (Note 14)	(2,606)	(2,443)
Maintenance	(4,257)	(4,223)
Rental	(3,517)	(3,349)
Professional fees	(4,032)	(4,271)
Insurance	(2,773)	(3,977)
Security	(1,096)	(3,240)
Electricity, water and telephone	(584)	(625)
Licences and taxes	(28,183)	(21,910)
Office expenses	(6,480)	(6,168)
Others	(4,143)	(14,868)
Total general and administrative expenses	(262,700)	(241,750)
Finance cost		
Interest expense and amortisation on loans and borrowings carried at amortised cost	(253,096)	(224,131)
Less: Capitalised to bearer plants (Note 11)	53,292	58,103
Total finance cost	(199,804)	(166,028)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. INCOME TAX EXPENSE

Major components of income tax expense

	Group	
	2018 IDR million	2017 IDR million
Current income tax:		
- Current income taxation	(397,457)	(443,959)
Deferred income tax:		
- Origination and reversal of temporary differences	54,787	69,338
Withholding tax on interest income and dividend from subsidiaries	(67,280)	(95,639)
Income tax expense recognised in profit or loss	(409,950)	(470,260)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	Group	
	2018 IDR million	2017 IDR million
Profit before taxation	1,705,288	1,894,456
Tax at the domestic rates applicable to profits in the countries where the Group operates	(381,375)	(473,614)
Non-deductible expenses	(23,038)	(17,334)
Share of loss of associate companies	-	(571)
Deferred tax adjustment on revaluation of mature plantation	30,423	93,772
Withholding tax on interest income and dividend from subsidiaries	(67,280)	(95,639)
Others	31,320	23,126
Income tax expense recognised in profit or loss	(409,950)	(470,260)

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction. The corporate income tax rates applicable to the Group companies in the following countries are:

	2018	2017
Singapore	17%	17%
Indonesia	25%	25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. No dilution of shares was noted for the Company as at 31 December 2018 and 2017.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2018	2017
Profit for the year attributable to owners of the Company (IDR million)	1,097,080	1,193,341
Weighted average number of ordinary shares for basic earnings per share computation (No.of shares)*	1,750,901,692	1,750,948,694
Earnings per share (IDR)		
- Basic and diluted	627	682

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

9. INVESTMENTS IN SUBSIDIARIES

	Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Unquoted equity shares, at cost	2,131,110	1,402,450	854,370

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest		
			2018 %	31.12.2017 %	1.1.2017 %
<u>Held by the Company</u>					
PT Bumitama Gunajaya Agro (“BGA”) ⁽¹⁾	Indonesia	Investment holding and business and management consultancy services	90.00	90.00	90.00
PT Bumitama Sawit Lestari (“BSL”) ⁽¹⁾	Indonesia	Investment holding	95.00	90.00	90.00
PT Bumitama Energi Lestari (“BEL”) ⁽¹⁾	Indonesia	Wholesale distribution	99.77	99.77	99.77
PT Bumitama Oleo Sentosa (“BOS”) ⁽³⁾	Indonesia	Wholesale distribution	95.00	95.00	95.00
<u>Held via BGA:</u>					
PT Karya Makmur Bahagia (“KMB”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	85.50	85.50	85.50
PT Windu Nabatindo Lestari (“WNL”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	81.00	81.00	81.00
PT Rohul Sawit Industri (“RSI”) ⁽¹⁾	Indonesia	Palm oil mill	81.00	81.00	81.00
PT Bumitama Gunajaya Abadi (“BG Abadi”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	85.50	85.50	85.50
PT Windu Nabatindo Abadi (“WNA”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	85.50	85.50	85.50
PT Masuba Citra Mandiri (“MCM”) ⁽¹⁾	Indonesia	Oil palm plantation	85.50	85.50	85.50
PT Windu Nabatindo Sejahtera (“WNS”) ⁽³⁾	Indonesia	Oil palm plantation	85.50	85.50	85.50
PT Agro Manunggal Sawitindo (“AMS”) ⁽¹⁾	Indonesia	Oil palm plantation	85.50	85.50	85.50
PT Lestari Gemilang Intisawit (“LGI”) ⁽¹⁾	Indonesia	Oil palm plantation	81.00	81.00	81.00
PT Ladang Sawit Mas (“LSM”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	85.50	85.50	85.50
PT Agriplus (“AGP”) ⁽²⁾	Indonesia	Oil palm plantation	85.50	85.50	–
PT Hungarindo Persada (“HPE”) ⁽³⁾	Indonesia	Oil palm plantation	85.50	85.50	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest		
			2018 %	31.12.2017 %	1.1.2017 %
<u>Held via BSL:</u>					
PT Tanah Tani Lestari (“TTL”) ⁽¹⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Nabatindo Karya Utama (“NKU”) ⁽¹⁾	Indonesia	Oil palm plantation	76.00	72.00	72.00
PT Andalan Sukses Makmur (“ASMR”) ⁽¹⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Inti Sawit Lestari (“ISL”) ⁽²⁾	Indonesia	Investment holding and business and management consultancy services	90.25	85.50	85.50
PT Sukses Manunggal Sawitindo (“SMS”) ⁽²⁾	Indonesia	Investment holding and business and management consultancy services	90.25	85.50	85.50
PT Langgeng Makmur Sejahtera (“LMS”) ⁽¹⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Investa Karya Bakti (“IKB”) ⁽³⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Gemilang Makmur Subur (“GMS”) ⁽¹⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Sejahtera Sawit Lestari (“SSL”) ⁽¹⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Fajar Bumi Nabati (“FBI”) ⁽³⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Gemilang Subur Maju (“GSM”) ⁽³⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
PT Damai Agro Sejahtera (“DAS”) ⁽²⁾	Indonesia	Oil palm plantation	90.25	85.50	85.50
<u>Held via KMB:</u>					
PT Hatiprima Agro (“HPA”) ⁽³⁾	Indonesia	Oil palm plantation	85.73	85.73	85.73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest		
			2018 %	31.12.2017 %	1.1.2017 %
<u>Held via AMS:</u>					
PT Gunajaya Karya Gemilang (“GKG”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	85.52	85.52	85.52
PT Gunajaya Ketapang Sentosa (“GKS”) ⁽¹⁾	Indonesia	Oil palm plantation	85.52	85.52	85.52
PT Karya Bakti Agro Sejahtera (“KBAS”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	85.52	85.52	85.52
<u>Held via LGI:</u>					
PT Agro Sejahtera Manunggal (“ASM”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	82.37	82.37	82.37
PT Karya Makmur Langgeng (“KML”) ⁽¹⁾	Indonesia	Oil palm plantation	82.37	82.37	82.37
PT Nabati Agro Subur (“NAS”) ⁽³⁾	Indonesia	Oil palm plantation	76.95	76.95	76.95
<u>Held via BEL:</u>					
PT Energi Baharu Lestari (“EBL”) ⁽¹⁾	Indonesia	Trading in edible oils and its related products	99.63	99.63	99.63
<u>Held via ISL:</u>					
PT Sentosa Prima Agro (“SPA”) ⁽²⁾	Indonesia	Oil palm plantation and mill	85.74	81.23	81.23
PT Wahana Hijau Indah (“WHI”) ⁽²⁾	Indonesia	Oil palm plantation	85.74	81.23	81.23
PT Raya Sawit Manunggal (“RSM”) ⁽²⁾	Indonesia	Oil palm plantation	85.74	81.23	81.23
<u>Held via SMS:</u>					
PT Gunajaya Harapan Lestari (“GHL”) ⁽²⁾	Indonesia	Oil palm plantation	85.74	81.23	81.23

⁽¹⁾ Audited by member firm of Ernst & Young Global in Indonesia

⁽²⁾ Audited by KAP Anwar & Rekan

⁽³⁾ Not required to be audited by law in its country of incorporation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period IDR million	Accumulated NCI at the end of reporting period IDR million	Dividends paid to NCI IDR million
31 December 2018:					
BGA	Indonesia	10%	104,310	633,370	27,800
31 December 2017:					
BGA	Indonesia	10%	138,005	498,066	72,188
1 January 2017:					
BGA	Indonesia	10%	101,342	360,061	1,644

(b) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material NCI are as follows:

Summarised balance sheet

	BGA		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Current			
Assets	1,594,610	1,013,001	1,462,427
Liabilities	(1,129,411)	(990,091)	(923,641)
Net current assets	465,199	22,910	538,786
Non-current			
Assets	14,460,901	13,976,072	12,769,534
Liabilities	(7,245,828)	(7,317,349)	(8,091,424)
Net non-current assets	7,215,073	6,658,723	4,678,110
Net assets	7,680,272	6,681,633	5,216,896

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Summarised financial information about subsidiaries with material NCI (continued)

Summarised statement of comprehensive income

	BGA	
	2018 IDR million	2017 IDR million
Revenue	8,137,613	7,862,426
Profit before taxation	1,457,146	1,917,122
Income tax expense	(343,984)	(354,792)
Profit after taxation	1,113,162	1,562,330
Other comprehensive income	325	1,395
Total comprehensive income	1,113,487	1,563,725

Other summarised information

	BGA	
	2018 IDR million	2017 IDR million
Net cash flows from operations	1,490,826	2,063,627
Acquisition of significant property, plant and equipment	299,467	266,624

(c) Increase in ownership interest in subsidiary without change in control in 2018

On 6 December 2018, the Company increased its equity interest in its subsidiary, BSL, through the conversion of IDR 625,880 million of receivable from BSL into equity for 625,880 shares. On the same date, the NCI subscribed for 20,990 shares at IDR 1 million per share. As a result, the Company's equity interest in BSL increased from 90% to 95%.

The carrying value of the net assets of BSL as at 6 December 2018 was IDR 4,127 million and the carrying value of the additional interest acquired was IDR 206 million. The following summarises the effect of the change in the Group's ownership interest in BSL on the equity attributable to owners of the Company:

	IDR million
Increase in equity attributable to NCI arising from the Company's additional contribution	21,849
Decrease in equity attributable to NCI	(206)
Decrease in equity attributable to owners of the Company	21,643

The decrease in equity attributable to owners of the Company has been recognised as "Premium paid on acquisition of non-controlling interests" within equity (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Acquisition of subsidiaries in 2017

On 3 April 2017, BGA together with PT Karya Manunggal Sawitindo ("KMS"), an associate of the Group's controlling shareholders, Dr. Lim Hariyanto Wijaya Sarwono and Mr Lim Gunawan Hariyanto, acquired PT Agriplus ("AGP") from a third party for a total consideration of IDR 76,070 million. Upon completion of the acquisition, BGA and KMS own 95% and 5% of the issued and paid up share capital in AGP, respectively.

On 8 June 2017, BGA together with KMS acquired PT Hungarindo Persada ("HPE") from a third party for a total consideration of IDR 4,000 million. Upon completion of the acquisition, BGA and KMS own 95% and 5% of the issued and paid up share capital in HPE, respectively.

The acquisition of AGP and HPE were in line with the Group's expansion plan to increase the hectareage of its land bank.

The Group had elected to measure the non-controlling interest at the non-controlling interest's proportionate share of AGP and HPE's net identifiable assets.

No goodwill was recognised upon acquisition of the above subsidiaries as the fair value of identifiable net assets approximated the acquisition value.

The fair value of the identifiable assets and liabilities of the above subsidiaries as at the acquisition date were:

	Total IDR million
Bearer plants (Note 11)	163,498
Property, plant and equipment (Note 12)	9,431
Land use rights (Note 13)	49,686
Other non-current assets	1,369
Plasma receivables (Note 15)	26,071
Inventories	6,385
Trade and other receivables	1,757
Prepaid taxes	2,080
Other current assets	183
Cash at bank and on hand	1,630
Deferred tax liabilities	(5,472)
Trade and other payables	(2,881)
Due to related parties	(159,167)
Accrued payable	(14,491)
Other current liabilities	(8)
Total identifiable net assets at fair value	80,071
Non-controlling interest measured at the non-controlling interest's proportionate share of AGP and HPE's net identifiable assets	(4,004)
Consideration paid	76,067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Acquisition of subsidiaries in 2017 (continued)

Consideration transferred for the acquisition of AGP and HPE

	AGP IDR million	HPE IDR million	Total IDR million
Cash paid, representing total consideration transferred	72,267	3,800	76,067

Effect of the acquisition AGP and HPE on cash flows

	AGP IDR million	HPE IDR million	Total IDR million
Consideration transferred	72,267	3,800	76,067
Less: Cash at bank and on hand of subsidiaries acquired	(1,210)	(420)	(1,630)
Net cash outflow on acquisition	71,057	3,380	74,437

Impact of the acquisition on profit or loss

From their acquisition dates, the acquired subsidiaries contributed revenue of IDR 10,604 million, and loss of IDR 568 million to the Group's revenue and profit, net of tax, for the year, respectively. Had the business combinations took place at the beginning of the financial year, the Group's revenue from the operations would have been IDR 8,135,343 million and the Group's profit, net of tax, for the year would have been IDR 1,424,736 million.

10. INVESTMENTS IN ASSOCIATE COMPANIES

	Group		Company	
	2018 IDR million	2017 IDR million	2018 IDR million	2017 IDR million
As at 1 January	–	2,285	144,144	142,952
Share of post-acquisition reserve	–	(2,285)	–	–
Translation differences	–	–	9,926	1,192
As at 31 December	–	–	154,070	144,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. INVESTMENTS IN ASSOCIATE COMPANIES (continued)

Details of the associate companies are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			2018 %	31.12.2017 %	1.1.2017 %
<u>Held through the Company:</u>					
PT Sawit Nabati Agro (“SNA”) ⁽¹⁾	Indonesia	Oil palm plantation and mill	28.00	28.00	28.00
PT Berkat Agro Sawitindo (“BAS”) ⁽¹⁾	Indonesia	Oil palm plantation	28.00	28.00	28.00

⁽¹⁾ Audited by BDO Indonesia

The activities of the associate companies are strategic to the Group activities. The Group has not recognised losses relating to the associate companies where its share of losses exceeds the Group's interest in the associate companies. The Group's cumulative share of unrecognised losses at the end of the reporting period was IDR 162,214 million (31 December 2017: IDR 51,005 million, 1 January 2017: IDR Nil) of which IDR 111,209 million (31 December 2017: IDR 51,005 million, 1 January 2017: IDR Nil) was the share of current year's losses. The Group has no obligation in respect of these losses.

The Company carried out a review of the recoverable amount of the associate companies in consideration of the fact that associates are loss-making during the year and are at net liabilities position as at the balance sheet date. The recoverable amount of the associate companies was determined based on a value-in-use ("VIU") calculation where the cash flow projections were based on financial forecasts by management. Management had determined the forecasted cash flows based on planned development of the associate companies' plantations. The key assumptions used in the VIU are similar to those used in the impairment testing of goodwill in Note 14 to the financial statements due to same place of business and principal activities. No impairment was recognised in the profit or loss as a result of the above review.

The summarised unaudited financial information of the associate companies not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Summarised balance sheet			
Current assets	234,584	120,786	156,904
Non-current assets	1,610,012	1,406,192	1,251,335
Total assets	1,844,596	1,526,978	1,408,239
Current liabilities	242,998	347,700	1,576,438
Non-current liabilities	2,753,886	1,947,220	402,083
Total liabilities	2,996,884	2,294,920	1,978,521
Summarised statement of comprehensive income			
Revenue	247,821	188,080	111,325
Loss after tax, representing total comprehensive income	(397,175)	(190,322)	(77,800)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. BEARER PLANTS

Bearer plants are classified into mature plantations, immature plantations and nurseries.

	Group	
	2018 IDR million	2017 IDR million

Mature plantations

Cost

At 1 January	6,841,974	5,754,456
Reclassification from immature plantations	391,611	1,124,607
Reclassification to plasma receivables (Note 15)	(158,312)	(83,121)
Acquisition of subsidiaries (Note 9)	-	46,032

At 31 December	7,075,273	6,841,974
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Accumulated depreciation

At 1 January	1,038,288	777,200
Charge for the year (Note 5)	289,022	279,438
Reclassification to plasma receivables (Note 15)	(27,168)	(18,350)

At 31 December	1,300,142	1,038,288
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	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Net carrying amount	5,775,131	5,803,686	4,977,256

	Group	
	2018 IDR million	2017 IDR million

Immature plantations

Cost

At 1 January	1,430,011	1,971,030
Development costs	655,482	495,043
Reclassification from land use rights (Note 13)	-	29,933
Reclassification from nurseries	23,444	25,575
Acquisition of subsidiaries (Note 9)	-	104,861

	2,108,937	2,626,442
Reclassification to mature plantations	(391,611)	(1,124,607)
Reclassification to plasma receivables (Note 15)	(30,842)	(71,824)

At 31 December	1,686,484	1,430,011
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. BEARER PLANTS (continued)

	Group	
	2018 IDR million	2017 IDR million
Nurseries		
Cost		
At 1 January	59,427	76,404
Development costs	8,531	4,306
Deduction	(2,595)	(8,313)
Acquisition of subsidiaries (Note 9)	-	12,605
	65,363	85,002
Reclassification to immature plantations	(23,444)	(25,575)
At 31 December	41,919	59,427

	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Total carrying amount	7,503,534	7,293,124	7,024,690

Depreciation of property, plant and equipment capitalised to immature plantations for the financial years ended 31 December 2018 amounted to IDR 7,696 million (31 December 2017: IDR 10,068 million, 1 January 2017: IDR 13,870 million) (Note 12).

Borrowing costs capitalised to immature plantations for the financial years ended 31 December 2018 amounted to IDR 53,292 million (31 December 2017: IDR 58,103 million, 1 January 2017: IDR 86,957 million) (Note 6).

The plantations of the Group have been insured against the risk of fire, covering an aggregate area of approximately 9,684 hectares (31 December 2017: 8,579 hectares, 1 January 2017: 10,599 hectares) for up to approximately IDR 366 billion (31 December 2017: IDR 321 billion, 1 January 2017: IDR 319 billion) as at 31 December 2018. Total nucleus planted area for the year ended 31 December 2018 accounted for approximately 132 thousand hectares (31 December 2017: 131 thousand hectares, 1 January 2017: 129 thousand hectares).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Renovation	Infrastructure	Machinery and equipment	Vehicles and heavy equipment	Furniture and fixtures	Assets under construction	Total
	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million
Cost								
At 1 January 2017	1,453,572	2,551	688,866	1,508,410	445,129	121,035	272,309	4,491,872
Additions (Note 23(c))	17,740	-	36,333	164,146	49,073	2,405	144,740	414,437
Acquisition of subsidiaries (Note 9(d))	5,305	-	39	2,435	940	712	-	9,431
Disposals	(350)	-	-	-	(8,758)	-	-	(9,108)
Impairment	(5,943)	-	(513)	(18,411)	-	-	-	(24,867)
Reclassifications	6,634	-	12,265	280,707	-	272	(299,878)	-
At 31 December 2017 and 1 January 2018	1,476,958	2,551	736,990	1,937,287	486,384	124,424	117,171	4,881,765
Additions (Note 23(c))	12,169	-	12,157	58,129	38,804	6,079	181,396	308,734
Disposals	(1,653)	-	-	(3,585)	(50,996)	-	(11,875)	(68,109)
Reclassifications	70,967	-	40,362	49,498	6,754	1,787	(169,368)	-
At 31 December 2018	1,558,441	2,551	789,509	2,041,329	480,946	132,290	117,324	5,122,390
Accumulated depreciation								
At 1 January 2017	335,600	2,551	114,355	323,177	321,633	87,176	-	1,184,492
Charge for the year	74,585	-	33,313	93,003	44,885	14,184	-	259,970
Disposals	(349)	-	-	-	(5,681)	-	-	(6,030)
At 31 December 2017 and 1 January 2018	409,836	2,551	147,668	416,180	360,837	101,360	-	1,438,432
Charge for the year	77,171	-	36,569	108,884	44,844	11,490	-	278,958
Disposals	(1,311)	-	-	(3,318)	(49,164)	-	-	(53,793)
At 31 December 2018	485,696	2,551	184,237	521,746	356,517	112,850	-	1,663,597
Net carrying amount								
At 1 January 2017	1,117,972	-	574,511	1,185,233	123,496	33,859	272,309	3,307,380
At 31 December 2017	1,067,122	-	589,322	1,521,107	125,547	23,064	117,171	3,443,333
At 31 December 2018	1,072,745	-	605,272	1,519,583	124,429	19,440	117,324	3,458,793

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment of assets

In the previous financial year, the Group had discontinued its biodiesel production plant which carried out thin profit margin and uncertain biodiesel market conditions. An impairment loss of IDR 24,867 million, representing the write-down of buildings, infrastructure, and machinery and equipment to the recoverable amount was recognised in "Other expenses" line item of profit or loss.

Company	Renovations	Furniture and fixtures	Vehicles and heavy equipment	Total
	IDR million	IDR million	IDR million	IDR million
Cost				
At 1 January 2017 and 31 December 2017	2,551	286	–	2,837
Additions	–	–	3,991	3,991
At 31 December 2018	2,551	286	3,991	6,828
Accumulated depreciation				
At 1 January 2017	2,551	207	–	2,758
Charge for the year	–	45	–	45
At 31 December 2017 and 1 January 2018	2,551	252	–	2,803
Charge for the year	–	28	529	557
At 31 December 2018	2,551	280	529	3,360
Net carrying amount				
At 1 January 2017	–	79	–	79
At 31 December 2017	–	34	–	34
At 31 December 2018	–	6	3,462	3,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation

Depreciation of property, plant and equipment was charged and allocated as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Cost of sales (Note 5)			
- FFB	92,529	92,438	93,037
- CPO and PK	140,063	125,049	108,633
- Biodiesel	-	5,442	5,196
General and administrative expenses (Note 6)	9,003	9,412	9,514
Immature plantations (Note 11)	7,696	10,068	13,870
Plasma receivables	24,275	17,011	20,138
Other expenses	5,392	550	-
Total depreciation	278,958	259,970	250,388

13. LAND USE RIGHTS

	Group	
	2018 IDR million	2017 IDR million
Cost		
At 1 January	929,335	830,257
Additions	76,452	79,325
Acquisition of subsidiaries (Note 9)	-	49,686
Reclassification to immature plantation (Note 11)	-	(29,933)
Reclassification to plasma receivable (Note 15)	(7,821)	-
At 31 December	997,966	929,335
Accumulated amortisation		
At 1 January	19,732	15,223
Amortisation for the year	19,397	4,509
At 31 December	39,129	19,732

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. LAND USE RIGHTS (continued)

	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Net carrying amount	958,837	909,603	815,034
Amounts to be amortised:			
- Not later than one year	19,397	4,509	4,509
- Later than one year but not later than five years	77,588	18,036	18,036
- Later than five years	861,852	887,058	792,489
	958,837	909,603	815,034

Land use rights represent the cost of land use rights owned by the Group and cost associated with the legal transfer or renewal for titles of land use rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Land use rights are amortised on a straight-line basis over their terms of 20 to 35 years. The terms can be extended up to a period of 35 years from the initial recognition.

As at 31 December 2018, the land use rights have remaining tenure ranging from 12 years to 33 years (31 December 2017: 13 years to 30 years, 1 January 2017: 14 years to 30 years).

During the financial year, amortisation of land use rights allocated to cost of sales, general and administrative expenses and other expenses amounts to IDR 19,397 million (31 December 2017: IDR 4,509 million, 1 January 2017: IDR 4,509 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INTANGIBLE ASSETS

Group	Goodwill IDR million	Software IDR million	Total IDR million
Cost			
At 1 January 2017	174,464	25,949	200,413
Additions	–	574	574
At 31 December 2017 and 1 January 2018	174,464	26,523	200,987
Additions	–	5,865	5,865
At 31 December 2018	174,464	32,388	206,852
Accumulated amortisation and impairment losses			
At 1 January 2017	6,563	17,816	24,379
Amortisation for the year (Note 6)	–	2,443	2,443
At 31 December 2017 and 1 January 2018	6,563	20,259	26,822
Amortisation for the year (Note 6)	–	2,606	2,606
At 31 December 2018	6,563	22,865	29,428
Net carrying amount			
At 1 January 2017	167,901	8,133	176,034
At 31 December 2017	167,901	6,264	174,165
At 31 December 2018	167,901	9,523	177,424

Goodwill

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to the individual cash-generating units ("CGU") for the purpose of impairment testing. The CGUs relating to the goodwill as at 31 December are as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Carrying values:			
- KMB	22,885	22,885	22,885
- LGI	48,809	48,809	48,809
- NKU	96,207	96,207	96,207
	167,901	167,901	167,901

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment testing of goodwill (continued)

The recoverable amounts of the CGUs have been determined based on value-in-use ("VIU") calculations using cash flow projections from financial budgets approved by Board of Directors. The calculations were based on the following key assumptions:

	2018	31.12.2017	1.1.2017
Discount rate	12.39%	10.8%	11.63%
Inflation rate	3.0% – 4.0%	3.5% – 4%	3.41% – 5%
Projected CPO price (IDR/Kg)	7,708 – 8,503	7,960 – 8,596	7,054 – 7,360

The VIU calculations applied a discounted cash flow model using cash flow projections and projected CPO price of IDR 7,708 – IDR 8,503 (31 December 2017: IDR 7,960 – IDR 8,596, 1 January 2017: IDR 7,054 – IDR 7,360) per kg. The cash flows calculated is based on a professional valuer's judgement with reference to monetary policy report published by Bank Indonesia, International Monetary Fund data and World Economic Outlook database.

Key assumptions used in VIU calculations

The calculations of VIU are most sensitive to the following assumptions:

Discount rate – The discount rate applied to the cash flow projection is a combination of both pre-tax and post-tax derived from the weighted average cost of capital of the oil palm plantation sectors on the assumption that funds are available at the prevailing rates and will continue to be available throughout the forecast period.

Inflation rate – The inflation rate is based on the International Monetary Fund data.

Projected CPO price – The CPO price was based on the international market price retrieved from Economist Intelligence Unit, World Bank and local market price retrieved from Badan Pengawas Perdagangan Berjangka Komoditi ("Bappebti").

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2018, 31 December 2017 and 1 January 2017.

Sensitivity to changes in assumptions

Changes to the assumptions used by management to determine the recoverable amounts may have an impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill of each CGU, to materially exceed their recoverable amount.

Software

Software represents the cost of software that covers all direct cost related to the acquisition and preparation of the software for its intended use which is not part of an integral part of hardware. Amortisation of software is recognised in the "General and administrative expenses" line item in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. PLASMA RECEIVABLES

Plasma receivables represent costs incurred for plasma plantations development which are financed by the Subsidiaries and will be repaid using the investment credit given to plasma farmers by banks or reimbursed directly by the plasma farmers. Plasma receivables also include advances to plasma farmers for payments of loan installments to the banks.

The Subsidiaries develops plasma plantations under the “Kredit Koperasi Primer untuk Anggota” (“KKPA”) scheme. Plasma plantations development is financed through investment credit from banks. Under the KKPA scheme, investment credit agreement is signed by plasma farmers through cooperative (*Koperasi Unit Desa/KUD*) acting as their representative and the Subsidiaries acting as guarantors for the loan repayments.

As the guarantors for the loan repayments, the Subsidiaries will deduct the plasma farmers’ sales of FFB based on bank loan installments until the plasma farmers’ loans to the bank are fully paid. The amount deducted will be paid by the Subsidiaries as the plasma farmers’ loan installments to the bank. Deficits from the difference between deductions from sales of FFB with bank loan installments must be paid by the Subsidiaries as guarantors for the loan repayments and are recorded as plasma receivables until reimbursed by plasma farmers.

As of 31 December 2018, the Company has developed plasma plantations through bank partnerships covering a total area of 52,734 hectares (31 December 2017: 51,254 hectares; 1 January 2017: 46,277 hectares).

Details of plasma receivables are as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
As at 1 January	1,518,111	1,225,577	
Additional development cost, net of collections	210,298	272,813	
Financing from banks	(195,383)	(328,341)	
Advances to plasma farmers	233,028	185,396	
Reclassification from bearer plants (Note 11)	161,986	136,595	
Reclassification from land use rights (Note 13)	7,821	-	
Acquisition of subsidiaries (Note 9)	-	26,071	
As at 31 December	1,935,861	1,518,111	1,225,577
Less: Current portion of plasma receivables	(219,590)	(259,675)	(302,246)
Non-current portion of plasma receivables	1,716,271	1,258,436	923,331

16. DUE FROM SUBSIDIARIES

	Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Loans to subsidiaries	7,175,044	7,262,010	8,041,210

As at 31 December 2018, loans to subsidiaries are non-trade, bear interest at rates of 3.55% (31 December 2017: 3.55%; 1 January 2017: 3.55%) above the one month USD London Interbank Offered Rate (“LIBOR”) per annum. The loans are unsecured and the settlement are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company’s net investments in the subsidiaries. These amounts are denominated in USD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. LOAN TO AN ASSOCIATE COMPANY

Loan to an associate company is non-trade, bears interest at 5.0% (31 December 2017: 5.0%; 1 January 2017: 5.0%) above the three months USD LIBOR per annum, unsecured and is repayable over a period of 3 years commencing from 20 September 2022 until 20 March 2025, by way of 6 equal bi-annual installments. The amount is denominated in USD.

18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group				
	Consolidated balance sheet			Consolidated income statement	
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	2017 IDR million
Deferred tax assets:					
Property, plant and equipment	11,735	7,138	5,383	4,597	1,755
Unutilised tax losses	175,178	121,773	120,219	53,405	1,554
Bearer plants	145,621	146,247	59,264	(626)	86,983
Remeasurement on defined benefit plan (Note 28)	1,957	2,197	2,661	-	-
Gross deferred tax assets, net	334,491	277,355	187,527	57,376	90,292
Deferred tax liabilities:					
Property, plant and equipment	(20,297)	(24,498)	(20,851)	4,201	(3,647)
Bearer plants	(100,373)	(80,342)	(57,192)	(20,271)	(17,678)
Biological assets	(61,274)	(74,017)	(65,063)	12,743	(8,954)
Fair value adjustments on acquisition of subsidiaries	(49,599)	(50,337)	(59,796)	738	9,325
Gross deferred tax liabilities, net	(231,543)	(229,194)	(202,902)	(2,589)	(20,954)
Net deferred tax assets/(liabilities)	102,948	48,161	(15,375)		
Deferred tax benefits				54,787	69,338
Presented in balance sheet					
Deferred tax assets	231,221	231,920	149,113		
Deferred tax liabilities	(128,273)	(183,759)	(164,488)		
Net deferred tax assets/(liabilities)	102,948	48,161	(15,375)		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. DEFERRED TAX (continued)

Unrecognised tax losses and tax credits

At the end of reporting period, the Group has unutilised tax losses and tax credits of approximately IDR 57,864 million and IDR 358 billion (31 December 2017: IDR 12,903 million and IDR 403 billion, 1 January 2017: IDR 11,148 million and IDR 505 billion) respectively, that are available for offset against future taxable profits of the companies in which these arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and tax credits are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

If the Group was able to recognise all unrecognised unutilised tax losses and tax credits, profit would increase by the same amount of the unutilised tax losses and tax credits as described above. Under Indonesian taxation laws, tax losses may be carried forward for a period of 5 years.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (31 December 2017: Nil, 1 January 2017: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately IDR 10,406,910 million (31 December 2017: IDR 9,364,952 million, 1 January 2017: IDR 8,007,086 million). The deferred tax liability is estimated to be IDR 1,040,691 million (31 December 2017: IDR 936,495 million, 1 January 2017: IDR 800,709 million).

19. BIOLOGICAL ASSETS

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Biological assets	248,413	296,070	260,251

Biological assets comprise primarily of fresh fruit bunches ("FFB"). The fair value of the Group's biological assets have been determined based on estimated FFB quantities and publicly available index price set by the local government.

As at 31 December 2018, the Group recognised fair value loss of IDR 47,657 million (31 December 2017: fair value gain of IDR 35,819 million, 1 January 2017: fair value gain of IDR 26,943 million).

Significant assumptions made in determining the fair values of the biological assets include the following:

	Group		
	2018	31.12.2017	1.1.2017
<i>Nucleus volume (tonnes)</i>			
FFB	290,319	175,082	148,781
<i>Nucleus planted area (hectares)</i>			
Mature	113,238	110,699	104,970
Average FFB price (IDR/kg)	1,169	1,691	1,749

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. BIOLOGICAL ASSETS (continued)

The following table shows the impact on the fair value measurement of assets that are sensitive to changes in market price that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Increase/ (decrease)	Changes in fair values
		IDR million
2018		
Index price	+10%	33,928
	-10%	(33,928)
31.12.2017		
Index price	+10%	29,608
	-10%	(29,608)
1.1.2017		
Index price	+10%	26,025
	-10%	(26,025)

20. INVENTORIES

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Balance sheet:			
<i>At lower of cost and net realisable value</i>			
Finished goods:			
CPO	111,699	97,369	156,186
PK	42,710	38,135	16,299
Biodiesel	-	7,168	22,627
	154,409	142,672	195,112
Raw materials:			
Fertilisers and chemicals	265,905	155,024	292,182
Spare parts and other consumables	172,051	145,195	120,514
Biodiesel materials	35	668	3,809
	437,991	300,887	416,505
Total inventories	592,400	443,559	611,617
Income statement:			
Inventories recognised as an expense in cost of sales (Note 5)	3,363,585	3,130,904	2,644,414

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Trade receivables	457,955	250,328	236,941	-	-	-
Other receivables	21,892	36,190	40,829	194	-	-
Total trade and other receivables	479,847	286,518	277,770	194	-	-
Loan to an associate company (Note 17)	82,693	72,541	68,084	82,693	72,541	68,084
Due from related companies (Note 22)	50	50	478	-	-	-
Dividend receivables	-	-	-	-	-	13,314
Plasma receivables (Note 15)	1,935,861	1,518,111	1,225,577	-	-	-
Cash and short-term deposits (Note 23(a))	299,053	216,715	517,097	40,637	28,236	23,700
Total financial assets carried at amortised cost	2,797,504	2,093,935	2,089,006	123,524	100,777	105,098

Trade receivables

Trade receivables are non-interest bearing and are generally on less than 30 days' credit terms for CPO and PK. They are recognised at their original invoice amounts which represent their fair values on initial recognition. They are not secured by any collateral or credit enhancement. All trade receivables are denominated in IDR.

Receivables that are past due but not impaired

The Group has trade receivables as at 31 December 2018 amounting to IDR 92,458 million (31 December 2017: IDR 50,707 million, 1 January 2017: IDR 98,112 million) that are past due but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Trade receivables past due but not impaired:			
Less than 30 days	71,332	37,889	68,455
30 to 60 days	21,007	12,729	14,697
More than 61 days	119	89	14,960
	92,458	50,707	98,112

There are no trade receivables that are impaired either individually or collectively as at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. TRADE AND OTHER RECEIVABLES (continued)

Other receivables

Other receivables are non-trade related, non-interest bearing, unsecured, repayable upon demand and are to be settled in cash.

In the previous financial year, other receivables included IDR 2,640 million (1 January 2017: IDR 28,029 million) of amount due from non-controlling interest. The amount was non-trade related, non-interest bearing, unsecured, repayable upon demand and was to be settled in cash.

22. DUE FROM RELATED COMPANIES

Due from related companies are non-trade related, non-interest bearing, unsecured, repayable upon demand and are to be settled in cash. All amounts due from related companies are denominated in IDR.

23. CASH AND SHORT-TERM DEPOSITS

(a) *Cash and short-term deposits*

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Cash at bank and on hand	287,120	185,620	356,002	40,637	28,236	23,700
Time deposits	11,933	31,095	161,095	–	–	–
Total cash and short-term deposits	299,053	216,715	517,097	40,637	28,236	23,700

Cash at bank earns interest at floating rates based on daily bank deposit rate. Time deposits are made for varying periods of not more than three months depending on the immediate cash requirements of the Group, and earn interests ranging from 4% to 6.75% (31 December 2017: 2% to 8.75%, 1 January 2017: 8% to 9.25%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
USD	56,733	38,850	35,890	–	–	–
SGD	30,060	19,891	2,117	30,060	19,891	2,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. CASH AND SHORT-TERM DEPOSITS (continued)

(b) Cash flow from operating activities

	Group	
	2018 IDR million	2017 IDR million
Profit before taxation	1,705,288	1,894,456
Adjustments:		
Depreciation and amortisation	549,600	518,046
Finance cost	199,804	166,028
Interest income	(164,847)	(147,919)
Post employment benefits	18,272	17,666
Foreign exchange loss	48,462	23,898
Impairment of property, plant and equipment	-	24,867
Share of loss of associate companies	-	2,285
Fair value changes in biological assets	47,657	(35,819)
Operating cash flows before working capital changes	2,404,236	2,463,508
Increase in trade and other receivables	(191,384)	(6,766)
(Increase)/decrease in inventories	(148,840)	165,643
Increase in prepaid taxes	(158,064)	(91,143)
(Increase)/decrease in prepayment and advances	(8,010)	322
Increase in deferred charges	(753)	(1,395)
Increase/(decrease) in trade and other payables	244,710	(148,535)
Decrease in accrued operating expenses	(16,498)	(31,366)
Decrease in other taxes payable	(105,747)	(110,056)
(Decrease)/increase in sales advances	(37,567)	19,499
Cash flows from operations	1,982,083	2,259,711
Income tax paid	(456,883)	(361,166)
Employee benefits contribution paid	(7,746)	(15,754)
Net cash flows generated from operating activities	1,517,454	1,882,791

(c) Notes to the consolidated statement of cash flows

During the financial year, the total addition in property, plant and equipment was IDR 308,734 million (2017: IDR 414,437 million), of which IDR 18,394 million (2017: IDR 42,386 million) have not been paid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. LOANS AND BORROWINGS

		Group and Company		
	Maturity date	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Current:				
USD floating revolving loan facilities	January 2019 and June 2019	796,455	338,700	1,007,700
Non-current:				
USD floating revolving loan facilities	February 2020 and July 2020	934,900	1,077,638	868,634
Loans and borrowings		1,731,355	1,416,338	1,876,334

Revolving loan facilities:

The Group and the Company have bilateral facility agreements with DBS Bank Ltd., United Overseas Bank Ltd., OCBC Bank Ltd., Sumitomo Mitsui Banking Corporation Singapore branch, Maybank Berhad Singapore branch, CIMB Bank Berhad Singapore branch and Taipei Fubon Commercial Bank Co Ltd. Singapore branch with an aggregate principal amount up to USD 295 million (31 December 2017: USD 275 million, 1 January 2017: USD 275 million).

As at 31 December 2018, the aggregate outstanding balances of the facilities amounted to USD 120 million (equivalent to IDR 1,731,355 million) (31 December 2017: USD 105 million or equivalent to IDR 1,416,338 million, 1 January 2017: USD 140 million or equivalent to IDR 1,876,334 million), of which USD 65 million (equivalent to IDR 934,900 million) (31 December 2017: USD 80 million or equivalent to IDR 1,077,638 million, 1 January 2017: USD 65 million or equivalent to IDR 868,634 million) of these facilities was presented as a non-current liability.

The revolving loan facilities is renewed for a further same term with prior written notice of its intention to extend the facility before the maturity date of the facility. For the non-current portion, the loan is repayable up to 24 months after reporting date as the Company has the discretion to exercise the rights under the facility agreements to extend the facility.

These facilities bear average interest rate as at reporting date of 3.50% per annum (31 December 2017: 2.56% per annum, 1 January 2017: 1.98% per annum).

A reconciliation of liabilities arising from the Group's and Company's financing activities is as follows:

	2017 IDR million	Cash inflows IDR million	Cash outflows IDR million	Foreign exchange IDR million	Non-cash changes			2018 IDR million
					Amortisation of issuance costs IDR million	Other IDR million		
Loans and borrowings:								
- current	338,700	257,853	(187,317)	25,194	-	362,025		796,455
- non-current	1,077,638	250,918	(104,093)	72,197	265	(362,025)		934,900
	1,416,338	508,771	(291,410)	97,391	265	-		1,731,355
Islamic Medium Term Notes (Note 27)								
- current	-	-	-	-	-	3,492,597		3,492,597
- non-current	3,332,622	-	-	157,420	2,555	(3,492,597)		-
	3,332,622	-	-	157,420	2,555	-		3,492,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. LOANS AND BORROWINGS (continued)

	1.1.2017 IDR million	Cash inflows IDR million	Cash outflows IDR million	Non-cash changes			31.12.2017 IDR million
				Foreign exchange IDR million	Amortisation of issuance costs IDR million	Other IDR million	
Loans and borrowings:							
- current	1,007,700	199,800	(335,380)	8,500	-	(541,920)	338,700
- non-current	868,634	-	(332,935)	1,515	(1,496)	541,920	1,077,638
	1,876,334	199,800	(668,315)	10,015	(1,496)	-	1,416,338
Islamic Medium Term Notes (Note 27)							
- non-current	2,991,828	-	-	338,205	2,589	-	3,332,622
	2,991,828	-	-	338,205	2,589	-	3,332,622

The "other" column relates to reclassification of current and non-current portion of loans and borrowings due to passage of time, extension of the maturity date of the facility agreements or maturity of the Islamic Medium Term Notes.

25. TRADE AND OTHER PAYABLES

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Trade payables	633,084	357,404	472,898	-	-	-
Other payables	141,781	142,201	99,131	2,225	1,303	13
Total trade and other payables	774,865	499,605	572,029	2,225	1,303	13
Loans and borrowings (Note 24)	1,731,355	1,416,338	1,876,334	1,731,355	1,416,338	1,876,334
Dividend payables	-	-	1,397	-	-	-
Accrued operating expenses (Note 26)	209,829	190,679	171,012	64,586	54,977	56,366
Islamic medium term notes (Note 27)	3,492,597	3,332,622	2,991,828	3,492,597	3,332,622	2,991,828
Total financial liabilities carried at amortised cost	6,208,646	5,439,244	5,612,600	5,290,763	4,805,240	4,924,541

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled within 30 to 90 days from date of invoice while other payables have an average term of 6 months. All trade payables are denominated in IDR.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. ACCRUED OPERATING EXPENSES

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Accrued salaries and wages	132,030	117,519	93,775	805	744	726
Accrued interests	70,805	63,484	60,655	62,726	53,335	50,475
Professional fees	6,690	5,855	5,435	1,044	890	755
Others	304	3,821	11,147	11	8	4,410
Total accrued operating expenses	209,829	190,679	171,012	64,586	54,977	56,366

27. ISLAMIC MEDIUM TERM NOTES

On 10 January 2014, the Company was granted approval by the Securities Commission of Malaysia to establish a Ringgit-denominated Islamic Medium Term Note Programme ("IMTN") of up to MYR 2.0 billion under the laws of Malaysia. Under the programme, the Group may issue IMTN from time to time in Malaysian Ringgit in various amounts and tenures of more than a year and up to a maximum tenure of fifteen years from the date of the first issuance.

The first issuance amounting to MYR 500 million was completed on 18 March 2014 with 5-years tenure and coupon of 5.25% per annum.

The second issuance amounting to MYR 500 million was completed on 2 September 2014 with 5-year tenure and coupon of 5.00% per annum.

The IMTNs are unsecured and not listed on any stock exchange.

The carrying amount of IMTNs as at end of the reporting period is as follows:

Group and Company					
	Maturity date	Distribution rate (per annum)	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
First issuance	18 March 2019	5.25%	1,746,598	1,667,655	1,498,053
Second issuance	2 September 2019	5.00%	1,746,598	1,667,655	1,498,053
			3,493,196	3,335,310	2,996,106
Less:					
Issuance costs			10,295	9,829	8,830
Accumulated amortisation			(9,696)	(7,141)	(4,552)
			599	2,688	4,278
Islamic medium term notes, net			3,492,597	3,332,622	2,991,828
Current			3,492,597	-	-
Non-current			-	3,332,622	2,991,828
			3,492,597	3,332,622	2,991,828

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFITS LIABILITY

Defined benefit plans

The Group recognised post-employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003 and the Group has set-up plan assets. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. As at 31 December 2018, 4,173 (31 December 2017: 3,818, 1 January 2017: 3,743) employees were included in the computation.

The principal assumptions used in determining the provision for post-employment benefits are as follows:

	2018	31.12.2017	1.1.2017
Normal Pension Age	55 years	55 years	55 years
Salary Increment Rate per annum	6.0 %	6.0 %	7.0 %
Discount Rate per annum	8.5 %	7.5 %	8.6 %
Mortality Rate	Indonesia – III	Indonesia – III	Indonesia – III
Resignation Level per annum	3% of 18 – 44 years	3% of 18 – 44 years	3% of 18 – 44 years

The estimated liability for post-employment benefits as at balance sheet date is as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Present value of defined benefit obligation	104,875	101,427	88,015
Fair value of plan assets	(56,571)	(62,288)	(48,933)
Restriction on asset recognised	401	–	–
Net liability arising from defined benefit obligation	48,705	39,139	39,082

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

Remeasurement on defined benefit plans recognised in other comprehensive income are as follows:

	Group	
	2018 IDR million	2017 IDR million
Actuarial gain arising from changes in financial assumptions	(960)	(1,856)
Deferred tax effect from actuarial gain (Note 18)	240	464
	(720)	(1,392)

Changes in the present value of defined benefit obligations are as follows:

As at 1 January	101,427	88,015
Interest cost	7,544	7,569
Current service cost	14,045	14,549
Actuarial gain arising from changes in assumptions	(8,028)	(3,913)
Past service cost	1,612	537
Benefits paid	(11,725)	(4,677)
Curtailment	-	(653)
As at 31 December	104,875	101,427

Changes in the fair value of plan assets are as follows:

As at 1 January	62,288	48,933
Expected return on plan assets	4,637	4,209
Contribution during the year	5,760	12,125
Benefits paid	(9,739)	(1,049)
Actuarial loss on plan assets	(6,375)	(1,930)
As at 31 December	56,571	62,288

The allocation of the plan assets by each classes as at the end of the reporting period comprise the following:

	Group	
	2018	2017
Interest-bearing cash/bank deposits	80%	80%
Debt instruments:		
Bank Indonesia Certificates	10%	10%
Indonesia Government Bonds	10%	10%

All debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

The following table summarises the components of net post-employment benefits expense recognised in profit or loss as follows:

	Group	
	2018 IDR million	2017 IDR million
Current service cost	14,045	14,549
Interest cost on defined benefit obligation	7,544	7,569
Expected return on plan assets	(4,637)	(4,209)
Past service cost	1,612	537
Curtailment	–	(653)
Post-employment benefits expense	18,564	17,793

Post-employment benefits expense is recognised in the “General and administrative expenses” line item in the consolidated income statement.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Sensitivity analysis	
	Increase/ (decrease)	Changes in actuarial gain
	IDR million	
2018		
Discount rates	+1%	(12,657)
	–1%	12,226
Salary increment rate per annum	+1%	12,346
	–1%	(10,682)
2017		
Discount rates	+1%	(10,834)
	–1%	12,807
Salary increment rate per annum	+1%	12,808
	–1%	(11,015)

The Group has no specific matching strategies between the retirement plan assets and the defined benefit obligation under the retirement plans.

The average duration of the defined benefit obligation at the end of the reporting period is 12.54 years (31 December 2017: 12.59 years, 1 January 2017: 12.53 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

Shown below is the maturity analysis of the undiscounted benefit payments:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Not later than one year	2,989	1,885	3,076
Later than one year but not later than five years	23,274	19,583	19,221
Later than five years	1,928,368	1,766,058	1,943,935
Total	1,954,631	1,787,526	1,966,232

29. DERIVATIVE FINANCIAL LIABILITIES

Cross currency swaps

In 2014, the Company had entered into cross currency swap agreements with financial institutions to swap its Ringgit-denominated IMTN indebtedness (Note 27) into USD liabilities. Based on the agreements, the financial institutions will swap the principal as well as the profit distribution amounts of the Company's IMTN from Malaysian Ringgit into United States Dollar. Cash flow hedge accounting has been applied to these cross currency swap agreements as they have been assessed by management to be effective hedging instruments. For the financial year ended 31 December 2018, fair value reserve adjustment of a gain of IDR 11,560 million (31 December 2017: IDR 55,126 million, 1 January 2017: IDR 37,461 million) had been included in other comprehensive income in respect of these contracts.

	Group and Company					
	2018		31.12.2017		1.1.2017	
	Contract/ Notional Amount MYR million	Liabilities IDR million	Contract/ Notional Amount MYR million	Liabilities IDR million	Contract/ Notional Amount MYR million	Liabilities IDR million
Cross currency swaps	1,000	1,028,512	1,000	906,840	1,000	1,265,881

	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Current	1,028,512	-	-
Non-current	-	906,840	1,265,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. SHARE CAPITAL AND TREASURY SHARES

	Group and Company					
	2018		31.12.2017		1.1.2017	
	No. of shares	IDR million	No. of shares	IDR million	No. of shares	IDR million
Issued and fully paid ordinary shares						
As at 1 January and 31 December	1,757,531,844	1,807,045	1,757,531,844	1,807,045	1,757,531,844	1,807,045

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

	Group and Company					
	2018		31.12.2017		1.1.2017	
	No. of shares	IDR million	No. of shares	IDR million	No. of shares	IDR million
Treasury shares as at 31 December	18,123,000	133,713	17,707,900	131,028	2,255,300	17,946

During the financial year, the Company purchased a total of 415,100 (2017: 15,452,600, 2016: Nil) ordinary shares from the public, and held them as treasury shares. Other than these buy backs, there were no other changes in the Company's share capital. Treasury shares relate to ordinary shares of the Company that is held by the Company.

31. OTHER RESERVES

Other reserves comprise:

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Premium paid on acquisition of non-controlling interest	(206,581)	(184,938)	(184,938)	-	-	-
Fair value reserve from derivative financial liabilities	(3,310)	(14,870)	(69,996)	(3,310)	(14,870)	(69,996)
	(209,891)	(199,808)	(254,934)	(3,310)	(14,870)	(69,996)

The premium paid on acquisition of non-controlling interest represents the difference between the consideration paid/(received) and the carrying value of the additional/(reduction in) interest acquired/(disposed).

Fair value reserve from derivative financial liabilities resulted from mark-to-market foreign currency swap of IMTN.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

33. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services and other transactions*

In addition to the related party transactions disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2018 IDR million	2017 IDR million
Rental fee to related parties	7,713	9,600

The Group has entered into office premise lease agreements with Mr. Gunardi Hariyanto Lim and Goldwood Investments Ltd for an amount of IDR 2,913 million for the year ended 31 December 2018 (2017: IDR 2,400 million).

The Group has also entered into barge lease agreement with PT Lima Srikandi Jaya, a related party, amounting to IDR 4,800 million for the year ended 31 December 2018 (2017: IDR 7,200 million).

(b) *Compensation of key management personnel*

	Group	
	2018 IDR million	2017 IDR million
Directors' fee	3,346	2,998
Short-term employee benefits	86,429	80,727
	89,775	83,725
Comprise amounts paid/payable to:		
Directors of the Company	33,336	27,394
Other key management personnel	56,439	56,331
	89,775	83,725

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. CONTINGENCIES AND COMMITMENTS

(a) *Contingent liabilities*

In relation to agreements between PT Bank Mandiri (Persero) Tbk, PT Bank CIMB Niaga Tbk and several cooperatives, certain subsidiaries act as guarantors of plasma credits until full settlement of the outstanding credits.

As at 31 December 2018, these credits are secured by land certificates held by the plasma farmers who participate in the plasma programme and certain subsidiaries' corporate guarantees of IDR 1,761,873 million (31 December 2017: IDR 1,799,519 million, 1 January 2017: IDR 1,656,574 million). The harvested FFB will be sold to the Group and repayment of the credit facilities are through deduction of plasma farmers' sales of FFB to the Group (Note 15).

(b) *Operating lease commitments – as lessee*

The Group has the following lease commitments on premises with initial or remaining term of one year or more:

	Group			Company		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Not later than one year	9,922	11,549	11,528	2,122	1,949	1,928
Later than one year but not later than five years	–	600	3,000	–	–	–
	9,922	12,149	14,528	2,122	1,949	1,928

Certain rentals include options to renew the rentals after the expiry of the initial tenure. Rental payments under these agreements are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these rentals. Lease commitments represent rental payable by the Group for the rental of office premises. The lease commitments are for a lease term of less than five years.

Minimum lease payments, recognised as an expense in the Group's profit or loss for the financial years ended 31 December 2018 amounted to IDR 8,317 million (31 December 2017: IDR 10,549 million, 1 January 2017: 10,716 million).

(c) *Purchase commitments*

	Group		
	2018 tonnes	31.12.2017 tonnes	1.1.2017 tonnes

Non-cancellable purchases:

Not later than one year	14,792	497	4,950
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Purchase commitments relate to non-cancellable purchases of fertilisers based on committed tonnage and computed based on market prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. CONTINGENCIES AND COMMITMENTS (continued)

(d) Sales commitments

As at 31 December 2018, the Group has entered into non-cancellable sales commitments to deliver 50,000 metric tonnes of CPO (31 December 2017: 29,838 metric tonnes of CPO, 1 January 2017: IDR 81,111 metric tonnes of CPO and 8,375 metric tonnes of PK) based on their prevailing market prices at the date of delivery.

(e) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		
	2018 IDR million	31.12.2017 IDR million	1.1.2017 IDR million
Capital commitment in respect of property, plant and equipment	117,477	116,529	185,048

Capital commitments comprise amounts related to committed cost for land clearing, construction of employees' houses and offices and infrastructures.

35. FAIR VALUE OF ASSETS AND LIABILITIES

(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 market 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 its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	IDR million	IDR million	IDR million	IDR million
2018				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	248,413	248,413
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	1,028,512	–	1,028,512
31.12.2017				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	296,070	296,070
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	906,840	–	906,840
1.1.2017				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	260,251	260,251
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	1,265,881	–	1,265,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Assets and liabilities measured at fair value (continued)

Company	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	IDR million	IDR million	IDR million	IDR million
2018				
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	1,028,512	–	1,028,512
31.12.2017				
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	906,840	–	906,840
1.1.2017				
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	1,265,881	–	1,265,881

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial liabilities

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurements

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	Valuation techniques	Unobservable inputs	Value
IDR million				
2018				
Recurring fair value measurements				
Biological assets	248,413	Income approach	Projected harvested quantities	290,319 Tonnes
			Average market price of FFB	1,169 IDR/kg
<hr/>				
31.12.2017				
Recurring fair value measurements				
Biological assets	296,070	Income approach	Projected harvested quantities	175,082 Tonnes
			Average market price of FFB	1,691 IDR/kg
<hr/>				
1.1.2017				
Recurring fair value measurements				
Biological assets	260,251	Income approach	Projected harvested quantities	148,781 Tonnes
			Average market price of FFB	1,749 IDR/kg
<hr/>				

For biological assets, a significant increase/(decrease) in the market price of FFB and projected harvested quantities would result in a significantly higher/(lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) *Level 3 fair value measurements* (continued)

Movements in Level 3 assets measured at fair value

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

Valuation policies and procedures

To determine the fair value of biological assets, the corporate finance team obtained the projected harvest quantities and the market price of the FFB from the physical census reports and from the publicly available index price set by the local government, net of estimated cost to sell.

Significant changes in fair value measurements from period to period are evaluated by the corporate 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.

(e) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the assets and liabilities not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active market for identical instruments (Level 1) IDR million	Significant other observable inputs (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million	Carrying amount IDR million
Group and Company					
2018					
Liabilities					
Islamic medium term notes	–	3,503,640	–	3,503,640	3,492,597
31.12.2017					
Liabilities					
Islamic medium term notes	–	3,364,777	–	3,364,777	3,332,622
1.1.2017					
Liabilities					
Islamic medium term notes	–	3,025,235	–	3,025,235	2,991,828

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(e) *Assets and liabilities not carried at fair value but for which fair value is disclosed* (continued)

Determination of fair value of Islamic medium term notes

The fair value as disclosed in the table above is estimated by reference to the latest transacted prices at the end of the reporting period.

(f) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Loan to an associate company, trade and other receivables, due from related companies, due from subsidiaries, dividend receivables, plasma receivables, cash and short-term deposits, loans and borrowings, trade and other payables, accrued operating expenses.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market rates on or near the end of the reporting period.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including foreign currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks and provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) *Interest rate risk*

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

The Group's and Company's exposure to interest rate risk arises primarily from time deposits and loans and borrowings, which bear interest at floating rates.

The Group's and Company's policy is to manage interest cost by switching to lower rate of loans and borrowings whenever the opportunity arises.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 2% (2017: 2%) lower/higher with all other variables held constant, the Group's profit before taxation would have been IDR 1,242 million (2017: IDR 752 million) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of the Group's entities, Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD"). The Group does not consider foreign exchange risk from SGD to be significant to the Group.

As at 31 December 2018, the Group's costs denominated in foreign currencies amounted to approximately 0.4% (2017: 0.1%).

The Group is exposed to currency translation risk arising from its financial assets and liabilities including its IMTN that are denominated in currencies other than the respective functional currencies of the companies in the Group.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The Group's policy is to negotiate the terms of the forward currency contracts to match the terms of the firm commitment to maximise hedge effectiveness. As at the respective balance sheet date, the Group did not enter into any forward currency contracts to hedge its foreign currency exposures for sales and purchases.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's increase/(decrease) in profit before taxation to a reasonably possible change in the USD exchange rates against the respective functional currencies of the companies in the Group, with all other variables held constant.

	Group	
	2018 Profit before taxation IDR million	2017 Profit before taxation IDR million
IDR/USD		
- Strengthened by 5%	2,837	1,942
- Weakened by 5%	(2,837)	(1,942)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Cash flow hedges

The Group manages its foreign currency risk arising from its expected redemption of Ringgit-denominated IMTN by entering into cross currency swap to swap into USD liabilities.

The terms (notional amount and timing) of the cross currency swaps have been negotiated to match the terms of the IMTN. The hedge ratio (the ratio between the notional amount of the cross currency swaps to the amount of the IMTN being hedged) is determined to be 1:1. Accordingly, the hedges are assessed to be highly effective.

There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivatives match exactly with the terms of the hedged item.

The effects of applying hedge accounting for expected future redemption of Ringgit-denominated IMTN on the Group's balance sheet and profit or loss are as follows:

Cash flow hedge	2018
Hedged item	Islamic Medium Term Notes
Balances in the cash flow hedge reserve	IDR 3,310 million
Hedging instrument	Cross currency swap contracts
Maturity dates	18 March 2019 and 2 September 2019
Carrying amount	IDR 1,028,512 million
Line item in the balance sheet that includes the hedging instrument	Derivative financial liabilities
Notional amount	MYR 1 billion
Hedging gains for the period recognised in OCI	IDR 11,560 million
Weighted average hedged MYR/USD rate at maturity date	3.2027

(c) Commodity price risk

The Group's exposure to commodity price risk arises primarily from its purchases of raw materials and sales of palm based products. Prices of raw materials and palm based 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 the suppliers and customers or use commodity futures, options and swap contracts in the conduct of business to manage the price risk.

Sensitivity analysis for commodity price risk

During the reporting period, had the average selling prices of palm based products been 10% higher/lower, ceteris paribus, profit before taxation for the financial year ended 31 December 2018 would have been IDR 838,118 million (2017: IDR 784,937 million) higher/lower.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group conducts business by the requirement of payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate.

For other financial assets (including cash and short term deposits), the Group and the Company credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- credit rating of the counterparty;
- significant actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- significant increases in credit risk on other financial instruments of the counterparty; and
- significant changes in the actual or expected performance of the counterparty, including changes in the payment status and changes in the operating results of the counterparty.

The Group determined that its financial assets are credit-impaired when:

- there is significant difficulty of the issuer or the counterparty;
- there is a breach of contract, such as a default or past due event;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; and
- there is a disappearance of an active market for that financial asset because of financial difficulty.

Regardless of the above, the Group provides ECL on its financial assets by applying the default risk rating of the counterparties based on external benchmarks. As the Group's exposure to creditors is monitored on an ongoing basis, the Group has determined that the ECL on trade and other receivables (including plasma receivables and loan to an associate) is insignificant.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets; and
- The nominal amount of financial guarantees provided by the Group for repayment of plasma farmers' loans to the banks (Note 34).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) **Credit risk** (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

As at 31 December 2018, approximately 94.1% (31 December 2017: 80.5%, 1 January 2017: 52.4%) of the Group's trade receivables were due from 3 major customers in 2018 (31 December 2017: 3 major customers, 1 January 2017: 3 major customers) who are multi-industry conglomerates.

The Group's customers are concentrated in Indonesia.

Information on major customers

Revenues from 2 major customers (31 December 2017: 2 major customers, 1 January 2017: 2 major customers) of the Group contribute approximately 76.4% (31 December 2017: 75.4%, 1 January 2017: 76.8%) of the Group's total revenues for the year ended 31 December 2018.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(e) **Liquidity risk**

Liquidity risk is the risk that the Group of the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As at 31 December 2018, approximately 82.1% (31 December 2017: 7.1%, 1 January 2017: 20.7%) of the Group's and Company's total debts, comprising loans and borrowings (Note 24) and IMTN (Note 27), will mature in less than one year based on the carrying amounts reflected in the financial statements.

The Directors are of the view that the Group and the Company are able to continue as a going concern as the Group and the Company have secured banking facilities amounting to USD 175 million obtained subsequent to year end (approximately IDR 2,534,175 million) which are available for refinancing of the maturing debts as well as future use should the need arise. In addition to the Group's net positive cash flow position, the Group and the Company also have sufficient unutilised Islamic Medium Term Notes of MYR 1 billion (approximately IDR 3,492,597 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) **Liquidity risk** (continued)

Analysis of financial instruments by remaining contractual maturities

The following table summarises the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Group 2018				
Financial assets:				
Loan to an associate company	6,456	47,797	60,527	114,780
Trade and other receivables	479,847	–	–	479,847
Due from related companies	50	–	–	50
Plasma receivables	219,590	1,716,271	–	1,935,861
Cash and short-term deposits	299,053	–	–	299,053
Total undiscounted financial assets	1,004,996	1,764,068	60,527	2,829,591
Financial liabilities:				
Loans and borrowings	837,187	940,862	–	1,778,049
Islamic medium term notes	3,570,667	–	–	3,570,667
Trade and other payables	774,865	–	–	774,865
Accrued operating expenses	209,829	–	–	209,829
Derivative financial liabilities:				
- Cross currency swaps (gross receipts)	(3,571,427)	–	–	(3,571,427)
- Cross currency swaps (gross payments)	4,611,455	–	–	4,611,455
Total undiscounted financial liabilities	6,432,576	940,862	–	7,373,438
Total net undiscounted financial (liabilities)/assets	(5,427,580)	823,206	60,527	(4,543,847)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) **Liquidity risk** (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Group				
31.12.2017				
Financial assets:				
Loan to an associate company	4,856	31,288	65,387	101,531
Trade and other receivables	286,518	–	–	286,518
Due from related companies	50	–	–	50
Plasma receivables	259,675	1,258,436	–	1,518,111
Cash and short-term deposits	216,715	–	–	216,715
Total undiscounted financial assets	767,814	1,289,724	65,387	2,122,925
Financial liabilities:				
Loans and borrowings	373,946	1,102,305	–	1,476,251
Islamic medium term notes	170,935	3,409,281	–	3,580,216
Trade and other payables	499,605	–	–	499,605
Accrued operating expenses	190,679	–	–	190,679
Derivative financial liabilities:				
- Cross currency swaps (gross receipts)	(170,935)	(3,409,281)	–	(3,580,216)
- Cross currency swaps (gross payments)	156,210	4,299,665	–	4,455,875
Total undiscounted financial liabilities	1,220,440	5,401,970	–	6,622,410
Total net undiscounted financial (liabilities)/assets	(452,626)	(4,112,246)	65,387	(4,499,485)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) **Liquidity risk** (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	Total IDR million
Group			
1.1.2017			
Financial assets:			
Loan to an associate company	4,070	87,551	91,621
Trade and other receivables	277,770	–	277,770
Due from related companies	478	–	478
Plasma receivables	302,246	923,331	1,225,577
Cash and short-term deposits	517,097	–	517,097
Total undiscounted financial assets	1,101,661	1,010,882	2,112,543
Financial liabilities:			
Loans and borrowings	1,028,976	875,423	1,904,399
Islamic medium term notes	153,550	3,216,103	3,369,653
Trade and other payables	572,029	–	572,029
Accrued operating expenses	171,012	–	171,012
Dividends payable	1,397	–	1,397
Derivative financial liabilities:			
- Cross currency swaps (gross receipts)	(153,550)	(3,216,103)	(3,369,653)
- Cross currency swaps (gross payments)	143,857	4,400,479	4,544,336
Total undiscounted financial liabilities	1,917,271	5,275,902	7,193,173
Total net undiscounted financial liabilities	(815,610)	(4,265,020)	(5,080,630)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) **Liquidity risk** (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Company 2018				
Financial assets:				
Loan to an associate company	6,456	47,797	60,527	114,780
Cash and short-term deposits	40,637	-	-	40,637
Total undiscounted financial assets	47,093	47,797	60,527	155,417
Financial liabilities:				
Trade and other payables	2,225	-	-	2,225
Loans and borrowings	837,187	940,862	-	1,778,049
Islamic medium term notes	3,570,667	-	-	3,570,667
Accrued operating expenses	64,586	-	-	64,586
Derivative financial liabilities				
- Cross currency swaps (gross receipts)	(3,571,427)	-	-	(3,571,427)
- Cross currency swaps (gross payments)	4,611,455	-	-	4,611,455
Total undiscounted financial liabilities	5,514,693	940,862	-	6,455,555
Total net undiscounted financial (liabilities)/assets	(5,467,600)	(893,065)	60,527	(6,300,138)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) **Liquidity risk** (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Company				
31.12.2017				
Financial assets:				
Loan to an associate company	4,856	31,288	65,387	101,531
Cash and short-term deposits	28,236	-	-	28,236
Total undiscounted financial assets	33,092	31,288	65,387	129,767
Financial liabilities:				
Trade and other payables	1,303	-	-	1,303
Loans and borrowings	373,946	1,102,305	-	1,476,251
Islamic medium term notes	170,935	3,409,281	-	3,580,216
Accrued operating expenses	54,977	-	-	54,977
Derivative financial liabilities				
- Cross currency swaps (gross receipts)	(170,935)	(3,409,281)	-	(3,580,216)
- Cross currency swaps (gross payments)	156,210	4,299,665	-	4,455,875
Total undiscounted financial liabilities	586,436	5,401,970	-	5,988,406
Total net undiscounted financial (liabilities)/assets	(553,344)	(5,370,682)	65,387	(5,858,639)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) *Liquidity risk* (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	Total IDR million
Company			
1.1.2017			
Financial assets:			
Loan to an associate company	4,070	87,551	91,621
Dividend receivables	13,314	–	13,314
Cash and short-term deposits	23,700	–	23,700
Total undiscounted financial assets	41,084	87,551	128,635
Financial liabilities:			
Trade and other payables	13	–	13
Loans and borrowing	1,028,476	875,423	1,903,899
Islamic medium term notes	153,550	3,216,103	3,369,653
Accrued operating expenses	56,366	–	56,366
Derivative financial liabilities:			
- Cross currency swaps (gross receipts)	(153,550)	(3,216,103)	(3,369,653)
- Cross currency swaps (gross payments)	143,857	4,400,479	4,544,336
Total undiscounted financial liabilities	1,228,712	5,275,902	6,504,614
Total net undiscounted financial liabilities	(1,187,628)	(5,188,351)	(6,375,979)

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of leading companies in similar industry in order to secure access to finance at a reasonable cost. The Group includes within net debt, loans and borrowings, Islamic medium term notes, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. CAPITAL MANAGEMENT (continued)

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2018 and 2017 are as follows:

	Group	
	2018 IDR million	2017 IDR million
Loans and borrowings (Note 24)	1,731,355	1,416,338
Islamic medium term notes (Note 27)	3,492,597	3,332,622
Less:		
Cash and short-term deposits (Note 23(a))	(299,053)	(216,715)
Net debt	4,924,899	4,532,245
Equity attributable to owners of the Company	7,771,110	7,449,407
Gearing ratio	63.4%	60.8%

The Group monitors its key financial ratios that form part of its obligations under its loans and borrowings and Islamic medium term notes covenants to ensure compliance with them.

38. DIVIDENDS

	Group and Company	
	2018 IDR million	2017 IDR million
Declared and paid during the financial year:		
Dividend on ordinary shares:		
- Final tax exempt (one-tier) dividend for 2017 at SGD 0.02 per share (2017: Final tax exempt (one-tier) dividend for 2016 at SGD 0.015 per share)	365,155	249,828
- Interim tax exempt (one-tier) dividend for 2018 at SGD 0.0075 per share (2017: Interim tax exempt (one-tier) dividend for 2017 at SGD 0.0075 per share)	140,875	129,034
	506,030	378,862

The Directors have recommended for the Company to pay a final dividend in respect of the financial year ended 31 December 2018. The payment of the dividend will be subject to the approval by shareholders at the forthcoming Annual General Meeting to be convened in April 2019.

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the financial year end, the Group and the Company have entered into new term loan facilities from DBS Bank Ltd, OCBC Bank Ltd, Sumitomo Mitsui Banking Corporation Singapore branch and United Overseas Bank Ltd up to an aggregate amount of USD 175 million (approximately IDR 2,534,175 million) for refinancing any notes issued pursuant to the Islamic Medium Term Note Programme.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the years ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 22 March 2019.

SHAREHOLDERS' INFORMATION

AS AT 11 MARCH 2019

Class of shares	:	Ordinary Shares
Issued and fully paid-up capital (including Treasury Shares and subsidiary holdings)	:	S\$255,242,545
Issued and fully paid-up capital (excluding Treasury Shares and subsidiary holdings)	:	S\$240,636,572
Number of shares issued (including Treasury Shares and subsidiary holdings)	:	1,757,531,844
Number of shares issued (excluding Treasury Shares and subsidiary holdings)	:	1,737,956,744
Number/Percentage of Treasury Shares	:	19,575,100 (1.11%)
Number/Percentage of Subsidiary Holdings	:	Nil (0%)
Voting rights (excluding Treasury Shares and subsidiary holdings)	:	One vote for per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 - 99	8	0.51	219	0.00
100 - 1,000	183	11.71	168,926	0.01
1,001 - 10,000	771	49.33	4,565,085	0.26
10,001 - 1,000,000	578	36.98	36,715,579	2.11
1,000,001 and above	23	1.47	1,696,506,935	97.62
	1,563	100.00	1,737,956,744	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Wellpoint Pacific Holdings Ltd.	749,157,774	43.11
2.	Oakridge Investments Pte Ltd.	535,050,070	30.79
3.	DBS Nominees Pte Ltd.	171,899,555	9.89
4.	HSBC (Singapore) Nominees Pte Ltd.	47,791,424	2.75
5.	Raffles Nominees (Pte) Limited	39,439,760	2.27
6.	Citibank Nominees Singapore Pte Ltd.	38,729,605	2.23
7.	DBSN Services Pte Ltd.	32,241,906	1.86
8.	Lynwood Capital Resources Pte Ltd.	21,622,000	1.24
9.	OCBC Securities Private Ltd.	10,990,000	0.63
10.	UOB Kay Hian Pte Ltd.	9,805,600	0.56
11.	BPSS Nominees Singapore (Pte.) Ltd.	9,587,500	0.55
12.	Phillip Securities Pte Ltd.	5,312,900	0.31
13.	DBS Vickers Securities (S) Pte Ltd.	4,557,800	0.26
14.	Morgan Stanley Asia (S) Securities Pte Ltd.	3,029,100	0.17
15.	Kong Goon Siong or Kong Goon Khing	2,743,000	0.16
16.	BNP Paribas Nominees Singapore Pte Ltd.	2,559,000	0.15
17.	CGS-CIMB Securities (Singapore) Pte Ltd.	2,452,888	0.14
18.	RHB Securities Singapore Pte Ltd.	2,323,500	0.13
19.	Maybank Kim Eng Securities Pte. Ltd.	2,299,053	0.13
20.	DB Nominees (Singapore) Pte Ltd.	1,388,000	0.08
	Total	1,692,980,435	97.41

SHAREHOLDERS' INFORMATION

AS AT 11 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Substantial Shareholders				
Wellpoint Pacific Holdings Ltd. ⁽²⁾⁽⁴⁾	903,157,774	51.967	-	-
Lim Hariyanto Wijaya Sarwono ⁽²⁾	-	-	903,157,774	51.967
Lim Gunawan Hariyanto ⁽²⁾	-	-	903,157,774	51.967
Fortune Corp Limited ⁽²⁾	-	-	903,157,774	51.967
Fortune Holdings Limited ⁽²⁾	-	-	903,157,774	51.967
Oakridge Investments Pte Ltd. ⁽³⁾	535,050,070	30.786	-	-
IOI Corporation Berhad ⁽³⁾	-	-	556,672,070	32.030
Vertical Capacity Sdn Bhd ⁽³⁾	-	-	556,672,070	32.030
Progressive Holdings Sdn Bhd ⁽³⁾	-	-	556,672,070	32.030
Tan Sri Dato' Lee Shin Cheng ⁽³⁾	-	-	556,672,070	32.030
Puan Sri Datin Hoong May Kuan ⁽³⁾	-	-	556,672,070	32.030
Dato' Lee Yeow Chor ⁽³⁾	-	-	556,672,070	32.030
Lee Yeow Seng ⁽³⁾	-	-	556,672,070	32.030

Notes:

- (1) Percentages are based on the issued share capital of the Company of 1,737,956,744 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd., a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd. by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd.
- (3) Tan Sri Dato' Lee Shin Cheng, Puan Sri Datin Hoong May Kuan, Dato' Lee Yeow Chor and Mr. Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd. (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd. (21,622,000 Shares), each a subsidiary of IOI Corporation Berhad, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. Progressive Holdings Sdn Bhd is deemed to be interested in the Shares held by Oakridge Investments Pte Ltd. and Lynwood Capital Resources Pte Ltd. by virtue of its 100% shareholding interest in Vertical Capacity Sdn Bhd. Vertical Capacity Sdn Bhd is deemed to be interested in the Shares held by Oakridge Investments Pte Ltd. and Lynwood Capital Resources Pte Ltd. by virtue of its shareholding interest in IOI Corporation Berhad. IOI Corporation Berhad is in turn deemed to be interested in the Shares held by Oakridge Investments Pte Ltd. and Lynwood Capital Resources Pte Ltd. by virtue of its 100% shareholding interest in each of Oakridge Investments Pte Ltd. and Lynwood Capital Resources Pte Ltd.
- (4) Includes 154,000,000 Shares which are held through bank nominees.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available and to the best knowledge of the Company, as at 11 March 2019, approximately 16.00% of the issued ordinary shares of the Company is held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BUMITAMA AGRI LTD. (the “**Company**”) will be held at Raffles City Convention Centre, Bras Basah Room, Level 4, 80 Bras Basah Road, Singapore 189560 on Monday, 22 April 2019 at 10.30 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors’ Report thereon.

(Resolution 1)

2. To declare a final dividend of S\$0.02 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2018 (2017: S\$0.02).

(Resolution 2)

3. To re-elect the following directors of the Company retiring pursuant to Regulations 91 and 97 of the Company’s Constitution:

Mr. Lim Gunawan Hariyanto (Retiring under Regulation 91)

(Resolution 3)

Mr. Tan Boon Hoo (Retiring under Regulation 91)

(Resolution 4)

Mr. Lim Hung Siang (Retiring under Regulation 97)

(Resolution 5)

*Mr. Tan Boon Hoo will, upon re-election as a director of the Company, remain as Chairman of the Audit Committee, the Remuneration Committee and the Conflicts Resolution Committee and as a member of the Nominating Committee. Mr. Tan Boon Hoo will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”).*

Mr. Lim Hung Siang will, upon re-election as a director of the Company, remain as a member of the Audit Committee, the Nominating Committee, the Remuneration Committee and the Conflicts Resolution Committee. Mr. Lim Hung Siang will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

[See Explanatory Note (i)]

4. To approve the payment of directors’ fees of S\$317,500 for the financial year ending 31 December 2019, to be paid quarterly in arrears (2018: S\$317,500)

(Resolution 6)

5. To re-appoint Ernst & Young LLP as the Company’s auditors and to authorise the directors to fix their remuneration.

(Resolution 7)

6. To transact any other ordinary business which may be transacted at an annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. MODIFICATIONS TO, AND RENEWAL OF, SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES

That for the purposes of Chapter 9 ("**Chapter 9**") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

- (a) approval be and is hereby given for the modifications to, and renewal of, the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions, the particulars of which are as set out in Annexure I to the Appendix dated 4 April 2019 to the Annual Report in relation to the renewal of certain shareholders' mandates for interested person transactions (the "**IPT Appendix**"), with any party who is of the class of interested persons as described in Annexure I to the IPT Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such interested person transactions as set out in Annexure I to the IPT Appendix (the "**Shareholders' Mandate for IOI Transactions**");
- (b) the Shareholders' Mandate for IOI Transactions shall, unless revoked or varied by the Company in a general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law or the Constitution of the Company to be held, whichever is earlier;
- (c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures described in Annexure I to the IPT Appendix and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) authority be given to the directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they, or each of them, may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for IOI Transactions and/or this resolution as they may think fit.

[See Explanatory Note (ii)]

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

8. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE SNA GROUP

That for the purposes of Chapter 9 ("**Chapter 9**") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

- (a) approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions, the particulars of which are as set out in Annexure II to the Appendix dated 4 April 2019 to the Annual Report in relation to the renewal of certain shareholders' mandates for interested person transactions (the "**IPT Appendix**") with any party who is of the class of interested persons as described in Annexure II to the IPT Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such interested person transactions as set out in Annexure II to the IPT Appendix (the "**Shareholders' Mandate for SNA Transactions**");
- (b) the Shareholders' Mandate for SNA Transactions shall, unless revoked or varied by the Company in a general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law or the Constitution of the Company to be held, whichever is earlier;
- (c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures described in Annexure II to the IPT Appendix and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) authority be given to the directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they, or each of them, may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for SNA Transactions and/or this resolution as they may think fit.

[See Explanatory Note (iii)]

(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

9. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore (the “**Companies Act**”), the Constitution of the Company and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), approval be and is hereby given to the directors of the Company to issue:

- (a) shares in the capital of the Company (whether by way of rights, bonus or otherwise); or
- (b) convertible securities; or
- (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or other capitalisation issues pursuant to Rule 829 of the Listing Manual; or
- (d) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions and for such purposes as the directors of the Company may in their absolute discretion deem fit provided that:

- (i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST, as at the date this resolution is passed;
- (ii) the aggregate number of shares and convertible securities that may be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST, as at the date this resolution is passed;
- (iii) for the purpose of determining the aggregate number of shares and convertible securities that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date this resolution is passed shall be calculated after adjusting for: (1) new shares arising from the conversion or exercise of convertible securities; (2) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (3) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and
- (iv) unless earlier revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company (“**AGM**”) or the date by which the next AGM is required by law or the Constitution of the Company to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

10. RENEWAL OF SHARE BUYBACK MANDATE

That:

- (a) for the purposes of the Companies Act (Cap. 50) of Singapore (the “**Companies Act**”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual as may for the time being be applicable (the “**Share Buyback Mandate**”);

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

- (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or is required by law or the Constitution of the Company to be held, whichever is earlier;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate 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 shareholders of the Company in a general meeting;

- (c) in this resolution:

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

“**Relevant Period**” means the period commencing from the date on which the AGM at which this resolution is passed is held and expiring on the date on which the next AGM is held or is required by law or the Constitution of the Company to be held, whichever is earlier, after the date of this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

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

- (i) in the case of a Market Purchase: 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: 120% of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) any of the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (v)]

(Resolution 11)

By Order of the Board

Yoo Loo Ping
Chiang Wai Ming
Joint Company Secretaries

Singapore, 4 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

- (i) Pursuant to Rule 720(6) of the Listing Manual, further information on Mr. Lim Gunawan Hariyanto, Mr. Tan Boon Hoo and Mr. Lim Hung Siang is set out in the Appendix to the Company's Annual Report entitled "Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST".
- (ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will modify and renew the Shareholders' Mandate for IOI Transactions to authorise the Company, its subsidiaries and associated companies, or any of them, to enter into any of the mandated transactions with any party who is of the class of interested persons as described in Annexure I to the IPT Appendix, and will empower the directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate for IOI Transactions and/or Ordinary Resolution 8. Such authority will, unless previously revoked or varied by the Company in a general meeting, continue in force until the date that the next AGM is held or is required by law to be held, whichever is earlier. The modifications to the Shareholders' Mandate for IOI Transactions are in connection with the increase in the monthly fees payable per operating unit from US\$150 to US\$250 under the management service agreement entered into between IOI Plantation Services Sdn Bhd and SNA in November 2018. Such fees relate to fees payable for the provision of plantation information system support services, and the increase was due to the expansion of the in-house IT team to cater to the increase in demand for IT support.
- (iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will renew the Shareholders' Mandate for SNA Transactions to authorise the Company, its subsidiaries and associated companies, or any of them, to enter into any of the mandated transactions with any party who is of the class of interested persons as described in Annexure II to the IPT Appendix, and will empower the directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate for SNA Transactions and/or Ordinary Resolution 9. Such authority will, unless previously revoked or varied by the Company in a general meeting, continue in force until the date that the next AGM is held or is required by law to be held, whichever is earlier.
- (iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue shares and convertible securities in the Company up to an aggregate amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.
- (v) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the directors of the Company from the date of this AGM until the next AGM to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings as at that date) in the capital of the Company at the Maximum Price. Information relating to this proposed resolution is set out in the Appendix dated 4 April 2019 to the Annual Report in relation to the renewal of the share buyback mandate.

Notes:

1. A member entitled to attend and vote at the AGM 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.
2. Any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the AGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, not less than forty-eight (48) hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument 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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) 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.

APPENDIX TO THE ANNUAL REPORT 2018

APPENDIX TO THE ANNUAL REPORT 2018

Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr. Lim Gunawan Hariyanto, Mr. Tan Boon Hoo and Mr. Lim Hung Siang are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 22 April 2019 ("**AGM**") under Ordinary Resolutions 3, 4 and 5 as set out in the Notice of AGM dated 4 April 2019 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	Lim Gunawan Hariyanto	Tan Boon Hoo	Lim Hung Siang
Date of Appointment	23 March 2012	23 March 2012	1 June 2018
Date of Last Re-Appointment	21 April 2017	22 April 2016	-
Age	59	69	69
Country of principal residence	Indonesia	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Not available	Not available	Not available
Whether appointment is executive, and if so, the area of responsibility	Yes, Mr. Gunawan is responsible for the formulation of the Group's business and corporate policies and strategies, business development as well as business and operations management.	No.	No.

APPENDIX TO THE ANNUAL REPORT 2018

Name of Director	Lim Gunawan Hariyanto	Tan Boon Hoo	Lim Hung Siang
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Lead Independent Director, Chairman of Audit Committee, Remuneration Committee and Conflicts Resolution Committee and member of Nominating Committee.	Independent Director, members of Audit Committee, Remuneration Committee, Nominating Committee and Conflicts Resolution Committee.
Professional qualifications	Please refer to Directors' Profile on pages 18 to 19 of Annual Report.	Please refer to Directors' Profile on pages 18 to 19 of Annual Report.	Please refer to Directors' Profile on pages 18 to 19 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Directors' Profile on pages 18 to 19 of Annual Report.	Please refer to Directors' Profile on pages 18 to 19 of Annual Report.	Please refer to Directors' Profile on pages 18 to 19 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Indirect interest – 903,157,774 ordinary shares	Nil	Direct interest - 50,000 ordinary shares
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Lim Gunawan Hariyanto, Ms. Lim Christina Hariyanto (executive director) and Dr. Lim Hariyanto Wijaya Sarwono (substantial shareholder) are immediate family members.	Not applicable.	Not applicable.
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

APPENDIX TO THE ANNUAL REPORT 2018

Name of Director	Lim Gunawan Hariyanto	Tan Boon Hoo	Lim Hung Siang
Other principal commitments including directorships			
Past (for the last 5 years)	a) Wellpoint Pacific Holdings Ltd	a) NTUC Income Investment Advisory Council	Nil
Present	Nil	a) Ren Ci Hospital b) TBH International Consulting	Nil

The general statutory disclosures (items (a) to (k) of Appendix 7.4.1) of the Directors are as follows:

There was no change in the information of Mr. Lim Hung Siang as previously announced on 31 May 2018. Mr. Lim Gunawan Hariyanto and Mr. Tan Boon Hoo were appointed as Directors since 23 March 2012 which was before listing of the Company and their answers were none to items (a) to (k) of Appendix 7.4.1.

Prior Experience as a Director of a Listed Company on the Exchange

Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.

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BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Co. Reg. No: 200516741R)

IMPORTANT

1. A relevant intermediary may appoint one or more proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, _____

of _____

being a member/members of Bumitama Agri Ltd. (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			

as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Raffles City Convention Centre, Bras Basah Room, Level 4, 80 Bras Basah Road, Singapore 189560 on Monday, 22 April 2019 at 10.30 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2018		
2	Payment of a final dividend		
3	Re-election of Mr. Lim Gunawan Hariyanto as Director		
4	Re-election of Mr. Tan Boon Hoo as Director		
5	Re-election of Mr. Lim Hung Siang as Director		
6	Approval of Directors' fees amounting to S\$317,500 for the year ending 31 December 2019		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Modification to, and renewal of, Shareholders' Mandate for Interested Person Transactions with IOI Corporation and its Associates		
9	Renewal of Shareholders' Mandate for Interested Person Transactions with the SNA Group		
10	Share Issue Mandate		
11	Renewal of Share Buyback Mandate		

* Delete where inapplicable

Dated this _____ day of _____ 2019

 Signature of Shareholder(s)/
 and Common Seal of Corporate Shareholder

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



PROXY FORM

NOTES

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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, this form of proxy or proxies will be deemed to relate to all the Shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. Any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, 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 seal or under the hand of an officer or attorney duly authorised. 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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2019.

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/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Lim Gunawan Hariyanto
(Executive Chairman and Chief Executive Officer)

Lim Christina Hariyanto
(Executive Director)

Non-Executive & Non-Independent:

Dato' Lee Yeow Chor

Independent:

Tan Boon Hoo
(Lead Independent Director)

Lee Lap Wah George

Lim Hung Siang

AUDIT COMMITTEE

Tan Boon Hoo
(Chairman)

Lee Lap Wah George

Lim Hung Siang

NOMINATING COMMITTEE

Lee Lap Wah George
(Chairman)

Tan Boon Hoo

Lim Hung Siang

REMUNERATION COMMITTEE

Tan Boon Hoo
(Chairman)

Lee Lap Wah George

Lim Hung Siang

CONFLICTS RESOLUTION COMMITTEE

Tan Boon Hoo
(Chairman)

Lee Lap Wah George

Lim Hung Siang

COMPANY SECRETARIES

Yoo Loo Ping, ACIS

Chiang Wai Ming, ACIS

REGISTERED OFFICE

10 Anson Road

#11-19 International Plaza

Singapore 079903

Tel: (65) 6222 1332

Fax: (65) 6222 1336

www.bumitama-agri.com

SHARE REGISTRARS

B.A.C.S. Private Limited

8 Robinson Road

#03-00 ASO Building

Singapore 048544

AUDITOR

Ernst & Young LLP

One Raffles Quay

North Tower Level 18

Singapore 048583

PARTNER-IN-CHARGE

Low Bek Teng

(with effect from the financial year ended 2016)

INVESTOR RELATIONS

Christina Lim

clim@bumitama-agri.com

Glenn Ho

glenn.ho@bumitama-agri.com



Bumitama Agri Ltd.

Excellence Through Discipline

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