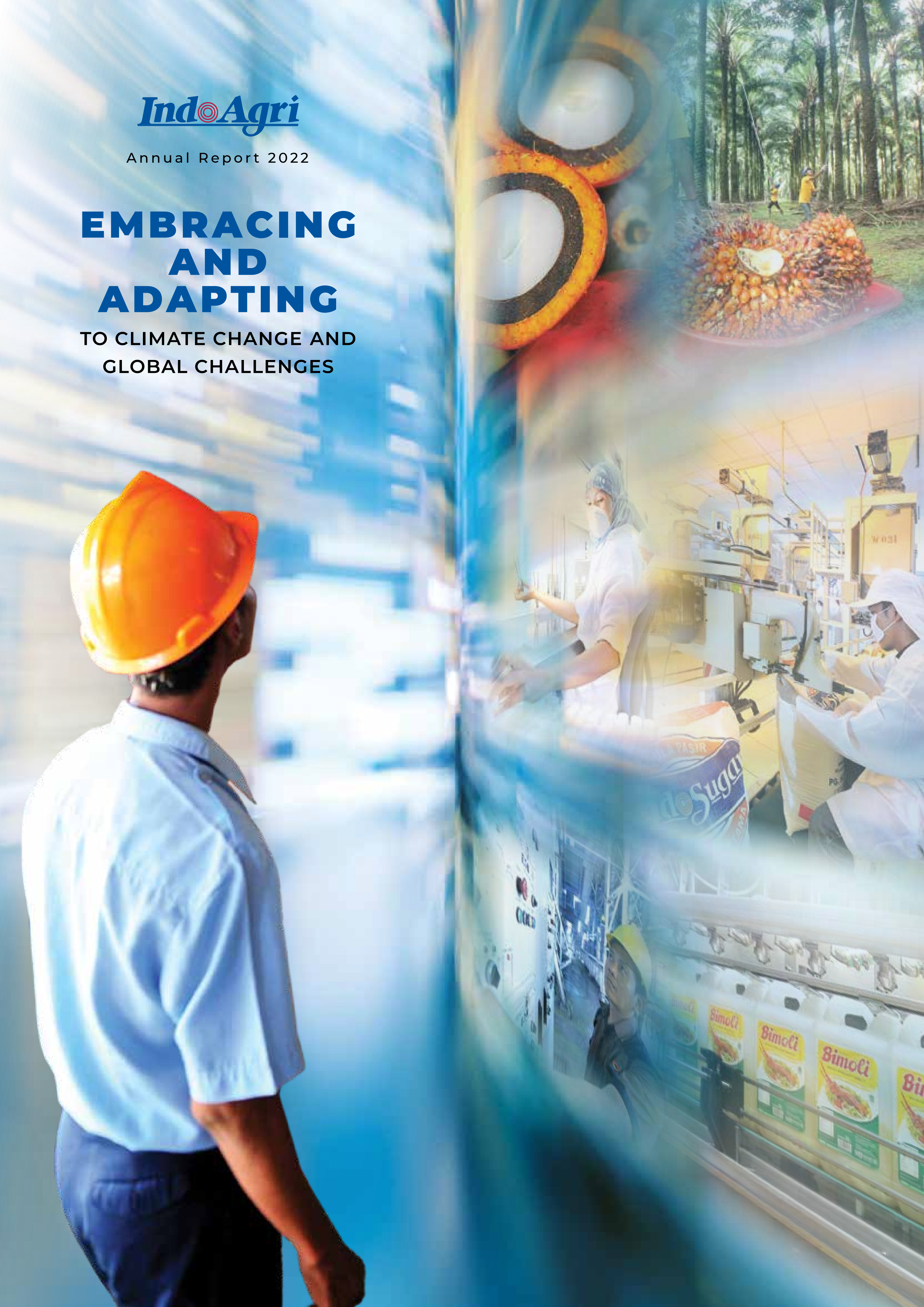
IndoAgri

Annual Report 2022

EMBRACING AND ADAPTING

TO CLIMATE CHANGE AND GLOBAL CHALLENGES



AT A
GLANCE

Indofood Agri Resources Ltd. (IndoAgri) is a vertically integrated agribusiness group with activities spanning the entire supply chain from research and development (R&D), seed breeding, oil palm cultivation and milling, as well as the production and marketing of cooking oil, shortening and margarine. Headquartered in Singapore, we are among the largest palm oil producers in Indonesia. Our branded cooking oil, shortening and margarine products together garner a leading share in the domestic market. As a diversified agribusiness group, IndoAgri also engages in the cultivation of sugar cane, rubber and other crops.

OUR VISION

To become a leading integrated agribusiness, and one of the world-class agricultural research and seed breeding companies.

OUR VALUES

With discipline as the basis of our way of life; we conduct our business with **integrity;** we treat our stakeholders with **respect;** and together we **unite** to strive for **excellence** and continuous **innovation**.

OUR MISSION

To be a low-cost producer, through high yields and cost-effective and efficient operations.

To continuously improve our people, processes and technology.

To exceed our customers' expectations, whilst ensuring the highest standards of quality.

To recognise our role as responsible and engaged corporate citizens in all our business operations, including sustainable environmental and social practices.

To continuously increase stakeholders' value.

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- Reverse takeover and listing on SGX
- Acquisition of plantation land in South Sumatra and Kalimantan
- Acquisition of 58.8% stake in PT PP London Sumatra Indonesia Tbk (Lonsum)

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- Diversification into sugar business with 60% stake in PT Laju Perdana Indah
- Acquisition of plantation land in South Sumatra and Central Kalimantan

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- Acquisition of plantation land in South Sumatra

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- Divestment of 8% stake in Lonsum, of which 3.1% was sold to PT Salim Ivomas Pratama Tbk (PT SIMP)

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- Listing of PT SIMP on IDX

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- Acquisition of 26.4% stake in Heliae, a development-stage algae technology solutions company

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- Acquisition of 79.7% interest in PT Mentari Pertiwi Makmur, an industrial timber plantation company
- Acquisition of 50.0% stake in Companhia Mineira de Açúcar e Álcool Participações (CMAA), a sugar and ethanol company in Brazil
- Formation of FP Natural Resources Limited, a 30:70 JV to invest 34% in Roxas Holdings Inc. (Roxas), an integrated sugar business in the Philippines
- 7% of nucleus Crude Palm Oil (CPO) production was Indonesian Sustainable Palm Oil (ISPO)-certified

14

- Formation of PT Prima Sarana Mustika, a 40:60 JV for road construction and leasing of heavy equipment
- Expansion of sugar business via the acquisition of PT Madusari Lampung Indah

15

- 24% of nucleus CPO production was ISPO-certified

16

- Acquisition of PT Pasir Luhur, a tea plantation company
- 39% of nucleus CPO production was ISPO-certified

17

- Formation of PT Indoagri Daitocacao, a 49:51 JV to manufacture and market chocolate products
- 57% of nucleus CPO production was ISPO-certified

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- Formation of Canápolis Holding S.A. (Canápolis), a 50:50 JV to acquire a second sugar and ethanol mill in Brazil
- Acquired Vale do Pontal Açucar e Alcool Ltda (UVP), a sugar and ethanol mill operator in Brazil, and turning CMAA into a 35:35:30 JV
- 62% of nucleus CPO production was ISPO-certified

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- Commencement of operations at the newly completed chocolate factory
- 71% of nucleus CPO production was ISPO-certified

20

- Restructuring of sugar operations in Brazil, with IndoAgri owning 36.21% of CMAA and Bússola
- 78% of nucleus CPO production was ISPO-certified

21

- 86% of nucleus CPO production was ISPO-certified

GEOGRAPHICAL PRESENCE

INDONESIA

Palm Oil Mills		CPO Refineries		Sugar Mills/Refineries	
	Capacity		Capacity		Capacity
27 Mills	**7.2M** Tonnes FFB Per Year	**5** Refineries	**1.7M** Tonnes CPO Per Year	**2** Mills & Refineries	**2.2M** Tonnes Cane Crushing Per Year

Indonesia

IndoAgri owns strategically located estates and production facilities across Indonesia. The Group's planted area occupies 294,488 hectares. Oil palm is the dominant crop, followed by sugar cane, rubber and other crops. Our plantations are largely located in Sumatra and Kalimantan, while our refineries are mainly sited at major cities including Jakarta, Medan, Surabaya and Bitung.

Planted Area (Ha)

Oil Palm	Sugar Cane	Rubber	Other crops
244,768	14,056	16,074	19,590

BRAZIL

Sugar and Ethanol Mills

	Capacity
3	**9.7M**
Mills	Tonnes Cane Crushing Per Year

Brazil

IndoAgri has 36.21% in CMAA, which operates three sugar and ethanol mills.

CORPORATE STRUCTURE

(AS AT 31 DECEMBER 2022)

IndoAgri

- 73.5% SIMP
  - 59.5% LONSUM
- 36.2% CMAA Bússola

Notes:

- IndoAgri is 72.3% effectively owned by PT Indofood Sukses Makmur Tbk (PT ISM)
- Shareholding percentage is calculated based on total number of issued shares (excluding treasury shares of the Company)

CHAIRMAN'S MESSAGE

LEE KWONG FOO EDWARD
Chairman

DEAR SHAREHOLDERS,

I am pleased to report that our company has done well in 2022. Geopolitical uncertainties, the lingering effects of the pandemic and climatic changes posed headwinds to our work. Through a series of adaptive strategies, we were able to overcome these challenges and remain resilient. We pay the highest tribute to our exceptional staff for their hard work and devotion.

The war in Ukraine had an adverse impact on commodity prices and energy costs. Inflation and higher interest rates slowed global economic growth generally. Speculation of a recession sent nervous jitters around the world.

Indonesia's economy, however, demonstrated its fundamental strengths in 2022. GDP grew at 5.31%. Household consumption continued to be one of the mainstays of the economy bolstered by the government's social protection programmes and energy subsidies. Domestic inflation was higher in 2022, 5.51% compared with 1.87% the previous year. On our part, we successfully managed rising costs, increased productivity and stayed innovative.

Operationalising sustainability measures is one of our priorities. This is manifested in the growing vitality of the vertically integrated structure in our plantations and the embedding of deeper consumer engagement in the edible oils and fats (EOF) segment. Replanting continues apace and as a mark of our achievement, 84% of our total nucleus CPO production or 495,000 tonnes are now certified under the Indonesian Sustainable Palm Oil (ISPO) system.

As a sustainable agribusiness, IndoAgri is committed to environmental, social and governance (ESG) best practices. We protect and promote the interests of all our stakeholders. In 2022, we started to systematically analyse our exposures to climate risks using the Taskforce on Climate-Related Financial Disclosures (TCFD) framework. This is a comprehensive study on the impact of severe climatic conditions on our plantations and the surrounding environment. We will devise ways to ameliorate the repercussions of unusually long periods of heavy rainfall or dry spells and implement practical solutions. The details of our TCFD and sustainability efforts can be found in the Sustainability Report 2022, which is available on our website.

On the retail side, our EOF Division increased market share in the margarine category. This helped us maintain profitability even as there was a regulatory cap on the prices of cooking oil. The gradual easing of COVID restrictions in Indonesia in 2022 boosted consumer demand. We expect this trend to continue, propelled by Indonesia's demographic dividend and a burgeoning middle class.

In Brazil, we increased the crushing capacity of sugar cane to 8.2 million metric tonnes and expanded our ethanol storage capacity to meet strong local and international demand for sugar and biofuel. Interest rates climbed in 2022 as the Central Bank sought to control inflation which slowed down to below 6% by year end. Meanwhile, we have made significant progress with the certification of 3.5 million tonnes of sustainable sugar cane by Bonsucro, a leading global sustainability and standards platform, representing 90% of CMAA's own cane production.

I would like to express my deep appreciation to our shareholders, directors, employees, and partners and thank them for their strong support. Barring unexpected events, we are confident of another good year.

Edward Lee
Chairman

CEO'S MESSAGE

MARK JULIAN WAKEFORD
Chief Executive Officer and Executive Director

DEAR SHAREHOLDERS,

At the start of 2022, no one could have foreseen the global impact of the geopolitical events and supply chain disruptions caused by the Russia-Ukraine war. These events had a dislocating effect on global grain and oilseed markets, with the war impeding trade flows and the export primarily of wheat and sunflower oil from Ukraine.

Prices of key commodities started soaring to all-time highs, with CPO prices (CIF Rotterdam) rocketing to USD1,868 per tonne in March 2022, and averaging US$1,370 per tonne in 2022 compared to US$1,210 in 2021.

To protect domestic consumers, the Indonesian government banned CPO exports and capped the selling price of cooking oil at Rp14,000 per litre. While the policies were well intentioned, they had a negative impact on farmers, and domestic palm oil prices ultimately collapsed with the growing CPO stockpile.

Erratic weather was the other major challenge for Indonesian plantations in 2022, with estates in Western Kalimantan experiencing above average rainfall on the back of three consecutive La Niñas. The heavy rainfall adversely affected FFB outputs and CPO production in the first half of the year, and put a strain on harvesting activities, roads and infrastructure.

Compounding these situations were rising costs, as inflationary pressure and interest rate hikes escalated the expenses for labour, energy and fertiliser. Although the Rupiah outperformed other Asian currencies against the US Dollar, its overall depreciation in 2022 made imports more expensive and contributed to the rising cost of palm oil production.

STAYING PROFITABLE IN TOUGH TIMES

By focusing on our long-term strategies and mission, IndoAgri was able to achieve a resilient performance through yet another difficult year. The Group's revenue in 2022 decreased by 10% compared to last year mainly due to lower sales from the EOF Division. Despite higher selling prices of palm products and EOF products, gross profit declined by 10% due to rising palm production costs arising from soaring fertiliser costs and inflation.

Despite lower gross profit, the Group's net profit increased by 2% to Rp1,318 billion due to lower sales and distribution expenses, lower impairment and lower write-off of property, plant and equipment.

The Plantation Division recorded a strong 10% recovery in FFB nucleus production in the second half of 2022, leading to full-year growth of 2%. This, coupled with higher purchases of FFB from external parties, enabled CPO production to grow strongly by 20% in the second half of 2022 and 7% for the full year.

Despite higher revenue and cost-control measures, the Plantation Division reported lower profitability due to a net build-up in year-end inventories of 40,000 tonnes of CPO and higher palm production costs. The downstream refinery delivered higher profitability as a result of competitive pricing strategies, despite lower sales volume due to policy changes and higher CPO costs.

I attribute the Group's fortitude and continued success to a number of factors. As a vertically integrated agribusiness, we were able to tap into synergies and competitive benefits afforded by large-scale operations. We were also able to ride on Indofood's established distribution networks to support our sales and marketing activities, ensuring ready access to our products. Our refinery operations remained resilient, maintaining strong profitability with competitive pricing strategies.

The EOF Division, in particular, achieved commendable results despite lower cooking oil sales and higher price adjustments. *Bimoli*'s continued status as the preferred consumer cooking oil brand is a testament to the strength of our flagship product. During the year, we maintained our position as the leading industrial margarine supplier with a dominant market share, and increased our penetration into the consumer margarine market. The gradual lifting of COVID-19 restrictions coupled with Indonesia's thriving F&B scene contributed to the strong performance of our industrial and consumer margarine.

The domestic market itself continues to be well supported, thanks to Indonesia's increasing population size and middle-income class. Our focus is to grow our market share profitably, while enhancing our EOF offerings for the foodservice industry, including cafeterias and patisseries.

We have been expanding our refining capacities to capture growth opportunities. In 2022, we completed a programme to expand our industrial margarine plant by 200 metric tonnes per day (MTPD).

EMBRACING AND ADAPTING TO CLIMATE CHANGE AND GLOBAL CHALLENGES

While we can actively improve our internal processes to drive business efficiency, the same cannot be said for volatilities in the macro environment. As the theme of this year's Annual Report suggests, we aspire to do more to embrace and adapt to challenges arising from climate change, global health crises and food security issues, among other uncertainties.

Over the years, our sustainability programmes and our emphasis on Environmental, Social and Governance (ESG) principles have advanced exponentially. In 2022, we embarked on a voluntary process to analyse our exposure to climate risks in line with the Task Force on Climate-related Financial Disclosures (TCFD). Aside from providing our stakeholders with greater transparency, the TCFD framework will allow us to better understand the risks and impacts of climate change on our plantation crops. It will require us to perform detailed scenarios analysis, and address our role in mitigating our environmental impact. I am confident that the insights we obtain through this valuable exercise will improve our climate-related forecasts, as well as the effectiveness of our preventive actions for both wet and dry seasons. More details on our TCFD preparation work will be documented in our Sustainability Report.

Other sustainability-driven initiatives include our commitment to reduce packaging material by

Sungai Dua Estate, Riau

CEO'S MESSAGE

Oil palm nursery at North Sumatra

30% by 2030. The target applies to all Indofood business units, and we are working closely with Indofood's packaging division to make progressive enhancements without compromising food safety regulations or quality standards. We also took steps to improve our product packaging design by introducing auto-sealing mechanisms.

We are proud of what we continue to achieve in terms of sustainable production. As of 2022, 495,000 tonnes or 84% of our nucleus CPO production were ISPO-certified. We expect our nucleus CPO production to be fully ISPO-certified by the end of 2024, a one-year delay due to new plantings as well as COVID-19 setbacks. Today, 99% of our energy requirements for milling comes from renewable sources like palm shells. Our estates are entirely watered by seasonal rainfall, and 86% of our milling water comes from rivers.

We heightened our focus on productivity and cost efficiency initiatives, with key efforts ranging from the digitalisation and streamlining of work process, to preventive maintenance and mechanisation strategies. The R&D Division contributed towards our productivity goal by enhancing the planting densities, developing better crop management techniques, and providing high quality seed material with selective traits to elevate FFB yields. Without the chance to conduct physical sampling across our plantation sites, pilot R&D programmes such as the one on predictive analytics for diagnosing plant health have been challenging to implement on full scale. We have continued to leverage satellite imagery to assess the nutrient status of the trees to further improve the usage of fertilisers.

DRIVING INNOVATION AND OPERATIONAL EXCELLENCE

Our R&D teams have been exploring the use of artificial intelligence to improve agronomic practices. A key development would be the implementation of WebGIS for storing, visualizing and analysing spatial data. While the deployment of satellite data or geographic information systems is not new to us, WebGIS leverages machine learning to build predictive models for plantation operations. For example, it is able to pick up on anomalies in plantation data and make corrections to fertiliser application for individual blocks. We have validated the WebGIS predictions against actual sampling data and accuracy levels have been close to 100%.

Coming out of COVID-19, the emphasis on workplace safety is not merely to foster good hygiene habits, but also to instil a safety mindset in every employee. The SMK3 (or Indonesia Occupational Health and Safety Standard) is adopted at all IndoAgri sites, in addition to regular training and staff reminders to draw lessons not just from reported incidents, but from every near-miss in the field. Palm plantations are hazardous work environments, and we want all our employees to return home safely every day.

LOOKING AHEAD

We expect global vegetable oil demand to continue to grow, in line with increasing population and per capita incomes. But uncertainties will always remain, from geopolitical instability and weather conditions, to protectionist policies and fluctuating prices.

In response to these events, we will continue to prioritise capital expenditure on replanting and critical infrastructure, and tighten cost controls. Work processes will be streamlined and digitalised where applicable, to achieve the desired efficiency improvements. We will also continue to explore relevant innovations and mechanisation programmes to raise plantation productivity.

ACKNOWLEDGEMENTS

As always, I take this opportunity to thank my colleagues in Indonesia, Brazil and Singapore for keeping the faith and going the extra mile as we weather the uncertainties together. I would also like to thank our Board Members for their guidance and leadership; and our shareholders, smallholders, business partners and customers for their continued support in a challenging year.

Mark Julian Wakeford
Chief Executive Officer and Executive Director

GROUP PERFORMANCE REVIEW

IndoAgri is a vertically integrated agribusiness group and a leading palm oil producer in Indonesia, with operations spanning from R&D, seed breeding, oil palm cultivation and milling, to the manufacturing and marketing of cooking oils, margarine and shortening. The Group also cultivates sugar cane, rubber and other crops as part of its diversified portfolio.

The Plantation Division is IndoAgri's principal business. In Indonesia, the Division owns 294,488 hectares of planted crops and operates 27 palm oil mills, three crumb rubber processing facilities, two sheet rubber processing facilities, two sugar mills and refineries, and one factory each for the production of tea, cocoa and industrial chocolate. It also has an investment in three sugar and ethanol mills in Brazil through CMAA.

The Group's EOF Division owns and operates five CPO refineries across Indonesia to produce a wide range of branded cooking oils, margarine, shortening and speciality fats.

FINANCIAL HIGHLIGHTS

2022 was a challenging year in the face of highly volatile commodity markets and several policies introduced by the Indonesian government to control domestic cooking oil prices.

Prices of most agricultural commodities increased sharply in March/April 2022 due to the Russia-Ukraine conflict and tight South American soybean supplies arising from droughts in the early part of the year. This was further aggravated by Indonesia's temporary export ban on palm oil, which tightened the global edible oil supply. Consequently, the export ban led to higher CPO stocks in Indonesia and lower prices in June 2022. Despite lifting the export ban subsequently and cutting export levies to encourage exports, Indonesia's palm oil exports did not return to normal levels as the government required companies to sell a portion of their CPO output in the domestic market before issuing export permits. Nonetheless, CPO prices (CIF Rotterdam) averaged higher at US$1,370 per tonne in 2022 compared to US$1,210 per tonne in 2021.

The Group's consolidated revenue in 2022 decreased by 10% compared to last year mainly due to lower sales from the EOF Division. Despite higher selling prices of palm products and EOF products, gross profit declined by 10% due to rising palm production costs.

Despite lower gross profit, the Group's net profit increased by 2% to Rp1,318 billion due to lower sales and distribution expenses, lower impairment and lower write-off of property, plant and equipment.

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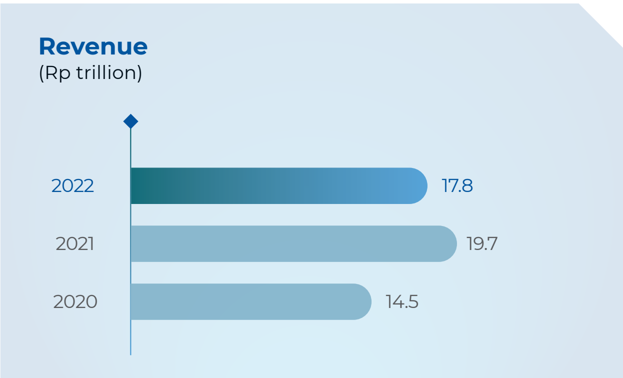
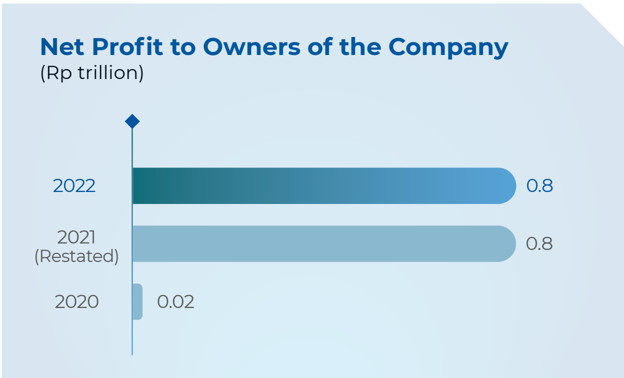
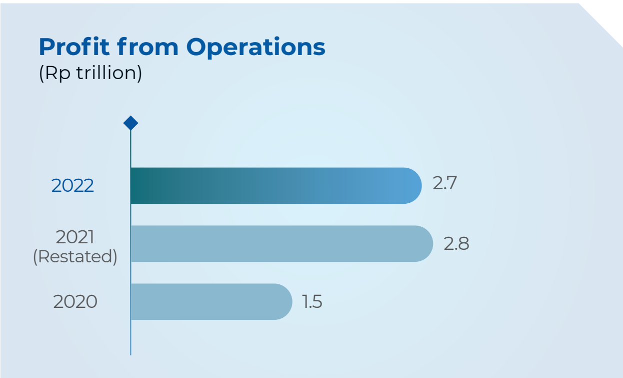
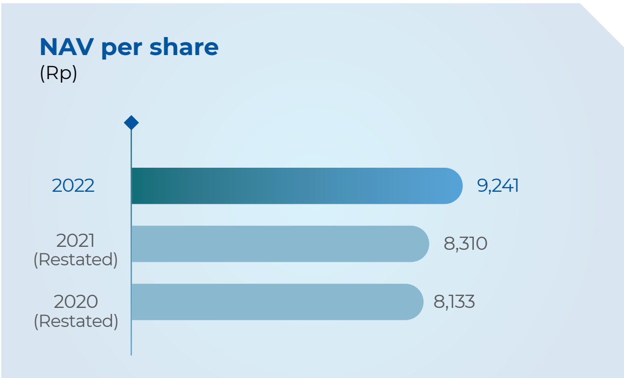








CPO storage tanks at a palm oil mill in West Kalimantan

The EOF Division's refinery operations remained resilient. Despite lower sales volume for cooking oil due to policy changes and higher CPO input costs, it delivered higher profitability due to competitive pricing strategies.

FINANCIAL POSITION

As of 31 December 2022, the Group's total non-current assets were Rp27.7 trillion compared to Rp28.1 trillion in the previous year. The decrease was mainly due to the depreciation of property, plant and equipment, lower plasma receivables, lower deferred tax assets and impairment of goodwill. This was partly offset by higher investment in joint ventures.

The Group recorded total current assets of Rp10.6 trillion as of 31 December 2022 compared to Rp9.5 trillion in the previous year. The increase was mainly due to higher CPO inventories and higher cash levels, partly offset by lower trade receivables in line with lower EOF sales and lower biological assets.

The Group's total liabilities decreased by 7% to Rp15.1 trillion. This was mainly due to (i) net repayment of interest-bearing loans during the year; (ii) lower employee benefits liabilities, which were determined based on actuarial calculations in accordance with the Indonesian Labour Law; (iii) lower advances and taxes payable; and (iv) lower income tax payable. The decrease was partly offset by higher trade and other payables and accruals, and higher lease liabilities.

As of 31 December 2022, the Group recorded net current assets of Rp0.7 trillion compared to a net current liabilities position at the last year-end. The improved position was mainly due to refinancing a short-term loan into a long-term loan.

The Group's net debt-to-equity ratio decreased from 0.31 times last year-end to 0.20 times as of 31 December 2022. The improved ratio was mainly due to the combined effects of higher cash and lower interest-bearing loans.

CASH FLOWS

The Group continued to generate strong operating cash flows of Rp3.6 trillion in 2022 compared to Rp3.7 trillion last year.

Net cash flows used in investing activities were close to last year's level at Rp1.4 trillion, which was mainly related to additions of property, plant and equipment, bearer plants and net investment in a joint venture and associate companies.

The Group recorded net cash used in financing activities of Rp1.6 trillion in 2022 compared to Rp1.1 trillion last year. This comprised mainly of net repayment of loans and dividend payments during the year.

The Group's cash level increased from Rp3.8 trillion as of 31 December 2021 to Rp4.4 trillion as of 31 December 2022 largely due to a net increase in cash from operations.

GROUP PERFORMANCE REVIEW

Financial Highlights

	In Rp billion			In SGD million *		
	2020 Actual (Restated **)	2021 Actual (Restated **)	2022 Actual	2020 Actual (Restated **)	2021 Actual (Restated **)	2022 Actual
Revenue	14,475	19,659	17,797	1,344	1,826	1,653
Gross profit	2,919	5,073	4,559	271	471	423
Gain/(loss) arising from changes in fair value of biological assets	3	113	(136)	0.3	10	(13)
Profit from operations	1,479	2,826	2,702	137	263	251
Net profit after tax	164	1,287	1,318	15	119	122
Profit attributable to owners of the Company	20	759	770	2	71	72
EPS (in Rp)/(in SGD 'cents)	14	544	552	0.1	5.1	5.2
Current assets	7,808	9,550	10,552	670	819	905
Fixed assets	19,374	18,527	18,136	1,662	1,589	1,556
Other non-current assets	10,292	9,559	9,578	883	820	822
Total assets	37,474	37,636	38,266	3,214	3,228	3,282
Current liabilities	9,204	9,970	9,883	789	855	848
Non-current liabilities	7,755	6,230	5,231	665	534	449
Total liabilities	16,959	16,200	15,114	1,455	1,389	1,296
Shareholders' equity	11,353	11,601	12,900	974	995	1,106
Total equity	20,515	21,436	23,152	1,760	1,839	1,986
Total debt	11,356	10,334	9,144	974	886	784
Cash	2,446	3,764	4,422	210	323	379

In Percentage (%)			
Sales growth/(decline)	6.0%	35.8%	(9.5%)
Gross profit margin	20.2%	25.8%	25.6%
Profit from operations margin	10.2%	14.4%	15.2%
Net profit after tax margin	1.1%	6.5%	7.4%
Profit attributable to owners of the Company margin	0.1%	3.9%	4.3%
Return on assets [1]	3.9%	7.5%	7.1%
Return on equity [2]	0.2%	6.5%	6.0%
Current ratio (times)	0.8	1.0	1.1
Net debt to equity ratio (times) [3]	0.43	0.31	0.20
Total debt to total assets ratio (times)	0.30	0.27	0.24

1 *Profit from operations divided by total assets*
2 *Profit attributable to owners of the Company divided by shareholders' equity*
3 *Net debt divided by total equity*

* *For ease of reference, 2020 to 2022 Income Statement and Balance Sheet items are converted at exchange rates of 10,767/SGD1 and Rp11,659/SGD1, respectively.*
** *The restated figures were related to the application of IFRIC Agenda Decision on SFRS(I) 1-19 Employee Benefits.*

Operational Highlights

The table below relates to business operations in Indonesia. For operation in Brazil, please refer to page 19 of this annual report.

In Hectares Planted Area – Nucleus	2020 Actual	2021 Actual	2022 Actual
Oil Palm	**253,061**	**250,615**	**244,768**
Mature	211,626	214,053	218,064
Immature	41,435	36,562	26,704
Rubber	**15,976**	**16,228**	**16,074**
Mature	13,976	14,270	14,033
Immature	2,000	1,958	2,041
Sugar Cane	**14,153**	**14,411**	**14,056**
Others	**19,959**	**19,495**	**19,590**
Mature	15,825	16,289	16,441
Immature	4,134	3,206	3,149
Planted Area – Plasma			
Oil Palm and Rubber	**90,325**	**90,229**	**90,551**
Age Profile of Oil Palm Trees – Nucleus			
Immature	41,435	36,562	26,704
4 – 6 years	5,129	5,715	7,086
7 – 20 years	123,332	122,210	125,613
Above 20 years	83,165	86,128	85,365
Total	253,061	250,615	244,768
Distribution of Planted Areas – Nucleus			
Riau	56,359	56,307	56,145
North Sumatra	37,990	38,236	36,473
South Sumatra	97,979	98,088	95,919
West Kalimantan	26,650	26,845	24,742
East Kalimantan	64,225	61,453	61,651
Central Kalimantan	11,329	10,987	10,842
Java	3,229	3,263	3,249
Sulawesi	5,388	5,570	5,467
Total	303,149	300,749	294,488
Production Volume ('000 Tonnes)			
Total FFB	3,710	3,455	3,741
FFB - Nucleus	2,986	2,761	2,812
CPO	737	687	736
Palm Kernel (PK)	178	168	180
Rubber	7.8	6.2	5.2
Sugar [1]	55	57	57
Sales Volume ('000 Tonnes)			
CPO [2]	748	698	701
PK and PK Related Products [3]	183	162	166
Rubber	7.8	5.6	5.8
Sugar	57	60	59
Oil Palm Seeds ('million)	5.9	6.3	9.3

1 *Sugar production in South Sumatra and share of sugar produced in Central Java*
2 *Sales to external and internal parties*
3 *Including PK, Palm Kernel Oil (PKO) and Palm Kernel Expeller (PKE)*

PLANTATION REVIEW

OPERATION IN INDONESIA

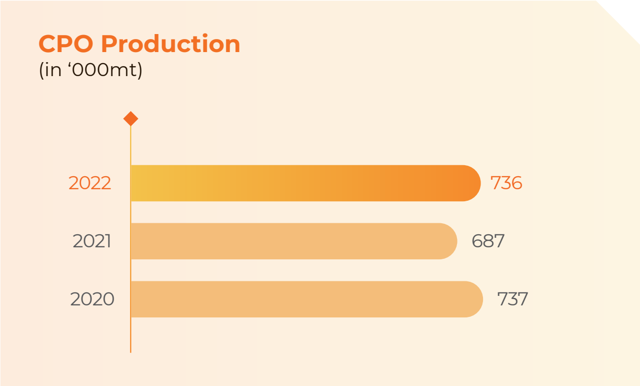
The Plantation Division manages the plantations, and production and sale of CPO, PK, crumb and sheet rubber, sugar, tea, cocoa and other products, mainly for domestic consumption.

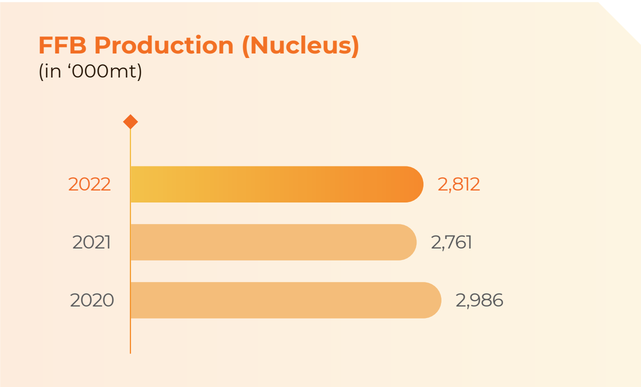
The nucleus oil palm estates span 244,768 hectares across Indonesia, of which 11% are immature. The average age of palm trees is 18 years old. FFBs are harvested and processed by 27 mills across our estates, with a total annual capacity of 7.2 million tonnes. The nucleus rubber estates occupy 16,074 hectares in North and South Sumatra and Sulawesi, of which 13% are immature. The average age of rubber trees is 18 years old. Rubber is processed by three crumb rubber and two sheet rubber facilities. Oil palm and rubber plasma partnership was 90,551 hectares.

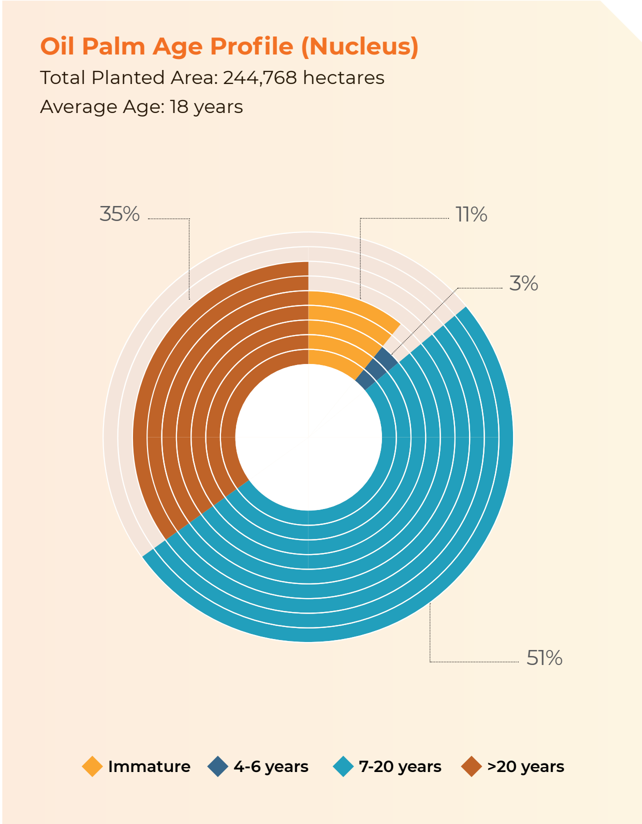
The sugar estates in Indonesia occupy 14,056 hectares. Harvested cane is processed at an 8,000 tonnes of cane per day (TCD) sugar mill and refinery in South Sumatra, and a 4,000 TCD sugar mill and refinery in Central Java.

The Division also operates 19,590 hectares of other crops with one factory each for the production of tea, cocoa and industrial chocolate products.

Palm oil fruit







2022 REVIEW

The Plantation Division recorded a strong 10% recovery in FFB nucleus production in the second half of 2022, leading to full-year growth of 2% to 2,812,000 tonnes. This, coupled with higher purchases of FFB from external parties, enabled CPO production to grow strongly by 20% in the second half of 2022, and 7% for the full year to 736,000 tonnes.

Plantation Division's revenue increased by 11% mainly due to higher palm selling prices. Despite higher revenue and cost-control measures, the Division reported lower operating profit in 2022 due to a net build-up of 40,000 tonnes of CPO stock at year end and higher production costs.

Amid rising costs, productivity and cost efficiency initiatives remained a key priority, with efforts focused on the streamlining of processes, improvements in fertiliser application through nutrient analysis, preventive maintenance strategies, mechanisation programmes and usage of renewable energy sources.

We continued to monitor the COVID-19 situation and safeguard the well-being of our employees and plantation workers, while remaining fully committed to our sustainability and ESG goals. Material issues were tracked and planned, and sustainability programmes were rolled out. During the year, the Group's ISPO-certified production stayed at 495,000 tonnes, representing 84% of total nucleus CPO production.

In 2022, our rubber production fell by 16% to 5,200 tonnes due to weather impacts and replanting activities. 52% of our rubber products, comprising sheet rubber and crumb rubber, were sold domestically, and the rest were exported.

In 2022, our sugar cane plantation in South Sumatra produced 50,000 tonnes of sugar, a decline of 8% compared to the previous year, mainly due to increased rainfall in the harvesting season affecting sucrose content. In Central Java, our factory produced 19,000 tonnes of sugar, of which 7,000 tonnes were our share.

2023 OUTLOOK

Commodity prices are likely to remain highly volatile amid uncertainties driven by global developments. Specifically, ongoing tensions between the US and China could continue to impede the pace of global growth and recovery. Energy and commodity prices could escalate with geopolitical conflicts and rising protectionism, while global supply chains and the flow of goods have yet to return to pre-pandemic levels

PLANTATION REVIEW

OPERATION IN INDONESIA

Rubber tapping process

despite the easing of movement restrictions. Climate change and weather patterns could have an adverse impact on plantation crops and operations.

On the domestic front, rising fertiliser and energy costs due to inflation are likely to put pressure on production costs. Protectionist policies may impact the branded cooking oil market and influence the behaviour of Indonesian consumers.

In 2023, the Division will continue to focus on cost control improvements, pursuing innovations that elevate plantation productivity, and prioritising capital investments in growth areas. Efforts will be supported by optimising manpower resources and the ongoing review of the financing structure to enhance our financial position, alongside ongoing mechanisation and IT initiatives. Barring unforeseen circumstances, we aim to achieve 100% ISPO-certified production in 2025, while remaining fully committed to our sustainability programmes.

The replanting programmes in Riau and North Sumatra are expected to continue, with crop management activities focused on raising FFB yields. For the sugar cane plantations in South Sumatra, our goal is to leverage higher-yielding seed cane varieties as well as improved fertiliser and agronomic management techniques.

PLANTATION REVIEW
OPERATION IN BRAZIL

CMAA's UVP sugar mill and ethanol plant in Brazil

The Plantation Division's sugar and ethanol operations in Brazil are held and managed through IndoAgri's 36.21% stake in CMAA and Bússola. CMAA operates three sugar and ethanol mills in Brazil with a combined annual sugar cane crushing capacity of 9.7 million tonnes.

2022 REVIEW
Two consecutive seasons of poor crops in Thailand, combined with a drought in Brazil in 2021, have resulted in tightened global supplies and a higher reliance on India to meet market needs. Continued global demand growth (albeit at a slow pace) and rising world fuel prices have pushed up sugar and ethanol prices. Rising prices for diesel, fertiliser and farm/factory machinery have contributed to the increasing sugar production cost around the world.

CMAA crushed 8.2 million tonnes of sugar cane in 2022 compared to 7.8 million tonnes in the last season, producing 650,000 tonnes of raw sugar, 303,000 m^3 of ethanol and 401,000 MWh of electricity. Despite higher crushing and selling prices, the Company's share of the joint venture's profit declined to Rp52 billion from Rp104 billion in 2021 mainly due to higher production costs arising from inflation, higher interest expenses, foreign exchange loss, and higher loss arising from changes in fair value of biological assets.

In terms of sustainable production, CMAA achieved the Bonsucro certification for 3.5 million tonnes of sugar cane in 2022, representing 90% of CMAA's total own cane.

2023 OUTLOOK
Global sugar prices will be influenced by Brazil's crop prospects and sugar production, which is dependent on ethanol parity, crude oil prices, Brazil's biofuel policy (*RenovaBio*) and the Brazilian Real. Prices will also be influenced by India's sugar subsidies, export volumes and biofuel policy. We expect prices to remain volatile, but supported by increasing demand for sugar, and an increase in sugar cane diverted to ethanol in India.

Brazil's economy remains challenging due to inflation, tightening market liquidity and rising interest rates. Notwithstanding these uncertainties, CMAA's priority would be to optimise the sugar-ethanol production mix for maximum profitability, expand operational scale whilst controlling costs, as well as increase productivity and efficiency.

PLANTATION REVIEW

R&D IN INDONESIA

The Plantation Division operates two oil palm R&D centres – SumBio in Bah Lias, North Sumatra, and PT SAIN in Pekanbaru, Riau. Both centres are certified palm seed producers whose premium seeds are prized for their high-yielding qualities, as well as their tolerance for drought and diseases. The centres are operated by experienced agronomists and researchers who conduct extensive field work on crop yields, crop resilience, pest and disease control and estate management practices among other areas. The Division also runs an R&D facility for sugar cane in South Sumatra.

Besides developing premium seeds, the R&D centres establish guidelines and practices for the productive and sustainable use of limited land resources. Our innovations have contributed to sustainable oil palm farming in Indonesia, as well as IndoAgri's long-term competitiveness as an integrated agribusiness. Among these innovative practices are block-based farming, soil conservation using Vetiver systems, and recycling of by-products, like EFB and POME, into soil mulch and nutrient substitutes.

2022 REVIEW

The development of new and high-yielding seed varieties with unique traits has been the mainstay of the crossbreeding programmes at SumBio and PT SAIN. Key achievements include the identification of a molecular marker to differentiate between *virescens* and *nigrescens* fruit types. We also planted tenera clones of palm seeds that combine the traits for virescens with long stalks to increase the efficiency of mechanised harvesting methods.

We have continued to authenticate our palm seeds with UV markers to protect our customers from inferior or imitation products. In 2022, we sold a total of 9.3 million oil palm seeds to plantation companies and farmers, and set aside seeds for new planting and replanting programmes. There was an increase in this year's sales volume compared to previous years, due to higher replanting of old palm trees.

Other achievements included improvements to the fertiliser mix using by-products such as compost to substitute organic fertilisers, and the application of controlled-release fertilisers on immature oil palms.

For our sugar operations in Indonesia, we continued to plant the high-yield cane varieties developed by our sugar research team. The newly developed varieties demonstrated commercial viability over existing strains.

In addition to reducing the use of chemical pesticides in our plantations, we set up symbiotic ecosystems of natural predators and parasitoids to counter oil palm pests like bagworms, hairy worm and nettle caterpillars. We intensified crop-protection efforts in the plantations by deploying entomo-pathogenic agents (fungi, bacteria, and viruses) that act as biopesticides, as well as UV light traps to control leaf-eating caterpillars. Agronomic and other field conditions were monitored in real time using images taken by drones. This information was combined with other data sources, like the Geographic Information System (GIS) and ground GPS, to provide accurate feedback on the health of the oil palms across our plantations.

Spatiotemporal analyses were conducted regularly for effective pest control and estate risk management. By correlating agronomic parameters with aerial data, we were able to remedy field situations quickly. The proactive management of potential agronomic issues has allowed us to achieve higher cost savings and productivity in the plantations.

Our success with advanced technology in conventional farming methods, including the use of drones in the chemical ripening of sugar cane, has contributed to improved productivity and cost efficiency.

2023 OUTLOOK

We will continue to cultivate premium-quality and high-yield oil palm and cane seeds, as well as implement bio-controls and other precision agronomy practices to improve crop management and planting densities. We will also explore collaborations with universities and research institutions to accelerate key R&D programmes.

The study of soil hydrology and deployment of satellite images and 3D topographic maps to manage and monitor plant health will continue. We will also leverage our WebGIS development to integrate agronomic data from these sources to support remote decision-making. The WebGIS is able to detect the number of dead palm trees, refresh the palm counting in every plantation block, recompute fertiliser requirements on a block-by-block basis, and adjust the prediction of yield potentials. This is expected to lower our ground-sampling costs considerably.

The progressive integration of WebGIS into our SAP system will enable better oversight of plantation operations and crop conditions. We will continue to apply data analytics and machine learning to improve precision agriculture and sustainable farming methods, optimise yields, lower production costs and enhance sustainable land use.

Tissue culture lab at Bah Lias Research Station

EDIBLE OILS & FATS REVIEW

Cooking with branded cooking oil, Bimoli

Cooking with margarine, Palmia

EDIBLE OILS & FATS REVIEW

OPERATION IN INDONESIA

The Edible Oils & Fats (EOF) Division produces palm oil products, margarine and some quantities of palm-based derivatives in the forms of RBD palm stearin and palm fatty acid distillate for consumer and industrial markets. EOF Division operates five refineries with a total annual processing capacity of 1.7 million tonnes of CPO.

The consumer cooking oils are retailed under *Bimoli, Bimoli Spesial, Delima, Amanda* and *Happy*, and the consumer margarine under *Amanda, Palmia* and *Royal Palmia*. The industrial cooking oils are supplied directly to Indofood and other food manufacturers, while the margarine and shortening products are marketed to confectioneries, bakeries and food manufacturers under *Amanda, Delima, Malinda, Palmia* and *Simas*.

Sales and distribution of EOF products are supported by Indofood's Distribution Group, which has an extensive network across Indonesia. More than 83% of EOF products are sold domestically and the rest are exported to countries across Asia, Africa, Middle East, Australia, Europe and America.

2022 REVIEW

The Division's refinery operations remained resilient in 2022. Despite lower sales volume for cooking oil due to policy changes and higher CPO input costs, it delivered higher profitability as a result of competitive pricing strategies, whereby pricings are reviewed and adjusted throughout the year to maintain a certain level of profitability.

The Division's revenue declined by 22% to Rp12.7 trillion on lower sales volume of EOF products, partly offset by higher selling prices. Operating profit was Rp842 billion, which was 75% higher compared to the previous year despite lower sales.

Backed by IndoAgri's vertically integrated operation, the Division has enjoyed a secure internal supply of raw materials. In 2022, CPO was purchased and processed into cooking oils, margarine and shortening. 77% of this CPO was sourced from our own plantations.

In Surabaya, a programme to expand the industrial margarine plant by 200 metric tonnes per day (MTPD) was completed in 2022. This will allow us to better fulfil export demand.

To elevate our EOF brands and products, we used a mix of traditional and digital advertising featuring thematic campaigns that resonate with Indonesian consumers. Brand activations included recipe contests and cooking demonstrations conducted in-store or promoted via social media.

Our R&D team supported the EOF Division by improving the nutritional value of cooking oil and margarine products to suit the dietary needs of Indonesian consumers, and by customising industrial oil and developing consumer margarine formulas with multivitamins for household consumers. We also designed packaging made from environmentally friendlier materials for Indofood.

2023 OUTLOOK

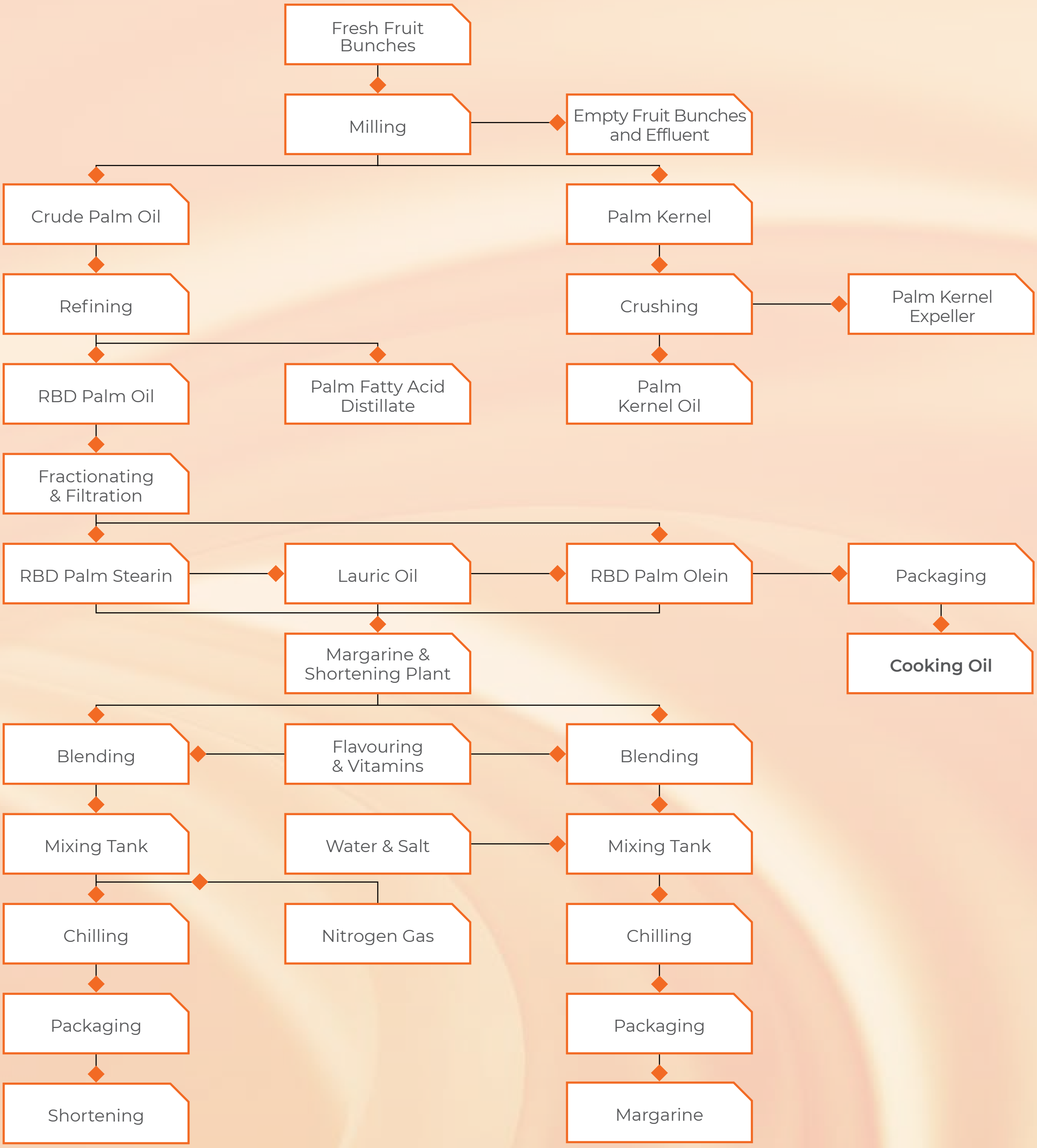
In the year ahead, our priority will be to focus on the growth and recovery of EOF sales volumes through competitive pricing strategies. We believe the EOF market in Indonesia will continue to grow in line with population and per capita income growth.

We will also continue to support Indonesia's domestic market obligation (DMO) scheme to keep local cooking oil prices affordable in 2023 through the government's cooking oil brand "*MinyaKita*".

Efforts will be supported by thematic advertising campaigns. Packaging designs will be improved with auto-sealing mechanisms.

Cartons of Bimoli cooking oil being prepared for distribution across Indonesia

MANUFACTURING PROCESS FROM FFB TO EOF PRODUCTS



SUSTAINABILITY AT INDOAGRI

Despite the challenges that were presented during 2022, IndoAgri has remained dedicated to enhancing the maturity of our sustainable business practices. We believe it is our responsibility as a plantation operator to actively address our environmental, social, and governance (ESG) risk factors, while doing our part to meet the global demand for edible oil and fats production.

Our commitment to operating sustainably has remained steadfast over the years, supported through continuous innovation, research and development, and productivity enhancements. This is in addition to safeguarding the safety and wellbeing of our employees, providing meaningful livelihoods for locals in communities where we operate, ensuring responsible use of land resources, and contributing to economic growth.

All of IndoAgri's business strategies and activities are guided by our Sustainable Agriculture Policy, which establishes the basis for traceable and responsible operations. The Policy is underpinned by the following key commitments:

- No Deforestation;
- No Planting on Peat, regardless of Depth;
- No Burning;
- Preservation of High Conservation Value and High Carbon Stock Areas;
- Upholding of Labour and Human Rights, including Freedom of Association and Non-Discrimination; and
- Upholding of Free, Prior and Informed Consent (FPIC).

KEY SUSTAINABILITY PERFORMANCE IN 2022

- **Certified CPO in Indonesia**
  - 495,000 tonnes of ISPO-certified CPO, representing 84% of total nucleus CPO production
- **Certified Sugar Cane in Brazil**
  - 3.5 million tonnes of Bonsucro-certified production, representing 90% of CMAA's own cane production
- **Occupational Health and Safety**
  - Zero paraquat use since 2018
  - 100% of sites certified to SMK3 occupational health and safety (OHS) management system, with 60 sites achieving the SMK3 Gold award
  - 16% decrease in high-consequence work-related injuries (2021 baseline)
  - One work-related fatality in palm oil operations
- **Worker Welfare**
  - Compliance with regulations on minimum wage and employment contracts for full-time and seasonal workers
  - No registered worker below 18 years of age

Turnera subulata, also known as the white buttercup, helps control pests naturally and reduces reliance on pesticides

- **Energy and Water Consumption, GHG Emissions (2021 baseline)**
  - 2% reduction in energy consumption intensity in mills
  - 14% decrease in absolute energy consumption in refineries
  - No change in water intensity in mills
  - 8% decrease in absolute water consumption in refineries
  - 99% of fuel used in mills from renewable sources
- **Smallholders**
  - Seven of 12 smallholder cooperatives have fulfilled the SMK3 and ISPO requirements on OHS, and passed the external audits conducted by TUV Rheinland Indonesia

KEY SUSTAINABILITY TARGETS

- ISPO certification for all palm oil production (estates and mills) by end of 2024
- All FFB supplies for our CPO refineries to be sourced in accordance with our Sustainable Agriculture Policy and ISPO-certified by end of 2025
- Zero fatalities annually

SUSTAINABILITY MANAGEMENT

The Group's Sustainable Agriculture Policy is applicable to all of IndoAgri's operating units, plasma smallholders and third-party CPO suppliers. The Policy sets out the manner in which we continue to achieve responsible and traceable supplies. This includes our approach to the risks and opportunities arising from the ESG factors, as well as our interactions with the different stakeholder groups.

In addition to the Sustainable Agriculture Policy, our Labour Policy details our commitments to protecting the rights of those working in and living around our estates. This Policy is applicable to all employees, as well as the plasma smallholders and third parties who supply to our factories and refineries. We encourage all suppliers to make similar commitments in their own operations and align with our Policy.

A systematic approach

We respond to the risks and opportunities related to our ESG factors and stakeholder interactions by providing training to personnel, establishing formal management processes, instilling a culture of accountability, and supporting partnership programmes with community groups.

Commitment

Our sustainability team comprises well-trained professionals who manage our material sustainability topics and impacts in accordance with the Group's mission and values.

SUSTAINABILITY AT INDOAGRI

Planning

The Group's Enterprise Risk Management (ERM) system, rigorous approaches to corporate governance, and established internal controls provide additional lines of defence against broader risks and uncertainties. We apply R&D to innovate and achieve sustainable growth in our domestic and international markets.

Action

Our local teams implement and enforce the Group's sustainability policies, commitments and programmes. We use management systems and standard operating procedures to maintain quality and drive improvements in areas such as R&D, workplace health and safety, food safety, environmental management and information control. Our six Sustainability Programmes direct the Group's efforts across a range of material sustainability topics. In addition, the sustainability team coordinates the initiatives underlying the achievement of certifications such as ISPO and PROPER.

Assessment and reporting

Our SAP system and the sustainability information system are used to collate data and monitor progress against the Group's key sustainability targets. Evaluation is carried out via regular audits, performance trend analysis and stakeholder feedback.

SUSTAINABILITY GOVERNANCE

IndoAgri's Board of Directors are actively involved in evaluating the Group's sustainability risks and opportunities, reviewing the material ESG topics, and overseeing the management and reporting processes. The Board is updated on a quarterly basis through the Audit & Risk Management Committee on relevant sustainability risks and concerns.

The CEO steers and updates the Board on the Group's sustainability performance, and is personally involved in all discussions and correspondences relating to sustainability. The CEO is supported by the management team, an ERM unit, R&D team, as well as sustainability representatives from all business units.

The Group's commitments and procedures around deforestation, land rights, peatland, burning, smallholders and human rights are benchmarked against the ISPO certification standards and international best practices, and covered in our Sustainable Agriculture and Labour Policies. The ISPO certification is a mandatory and legally binding certification system for all oil palm growers in Indonesia.

OUR MATERIAL SUSTAINABILITY TOPICS

Our sustainability strategy and management approach are designed to drive performance improvements on the economic and ESG topics that are most significant to our operations and stakeholders.

We engaged an external consultant to conduct a desktop materiality review in 2020, which saw the introduction of five new material topics as well as refreshed terminology to better reflect the significance of these topics and increase alignment with stakeholders and peers. In 2021, our Sustainability Think Tank and Board reviewed the current set of material topics and determined that they remain relevant to IndoAgri and its stakeholders. We will be performing another review of our material topics in 2023, to ensure our sustainability efforts remain aligned with stakeholder expectations.

The 15 material topics are: protection of forests, peatlands and biodiversity; fire control and haze prevention; climate change and GHG emissions; water, waste and effluents; use of fertilisers, pesticides and chemicals; responsible business conduct; community rights and relations; occupational health and safety; smallholder engagement and livelihoods; supply chain traceability and transparency; sustainability certification; product quality and safety; yield resilience and innovation; human, child and labour rights; and pandemic resilience.

STAKEHOLDER ENGAGEMENT

Regular stakeholder dialogues have been integral to the development of our Sustainable Agriculture Policy, the delivery of our commitments, and our success in sustainable palm oil production. Our key stakeholder groups are: employees, customers, investors, government and civil organisations, and local communities.

We connect, engage and collaborate with our respective stakeholder groups through different platforms to strengthen mutual interests and establish common goals. For product safety management, the customer engagement initiatives include production audits, public seminars and customer satisfaction surveys. To support our ISPO-certified production targets, we have established processes for regular contact with suppliers, customers, grower cooperatives and government ministries.

As our agribusiness operations are vital to the livelihoods of many who live in communities near our plantations, we aim to advance their resilience and socio-economic development. To uphold FPIC, particularly with respect to land acquisition involving local villages, we conduct a Social Impact Assessment to understand community needs before undertaking any new development. We also promote open negotiation and inclusive decision-making with local communities. Our engagement efforts come under our Solidarity Programme, which governs activities ranging from fire control awareness to education, health, infrastructure, micro-enterprise, farmer training, culture and humanitarian efforts.

The full details of our management approach, materiality assessment, stakeholder engagement, sustainability programmes and performance can be found in our latest Sustainability Report and website.

http://www.indofoodagri.com/sustainability-home.html

BOARD OF DIRECTORS

From left to right *(Standing)*:
Mr Moleonoto Tjang *(Executive Director and Head of Finance and Corporate Services)*
Mr Hendra Susanto *(Independent Director)*
Mr Axton Salim *(Non-Executive Director)*
Mr Tjhie Tje Fie *(Non-Executive Director)*

From left to right *(Sitting)*:
Mr Suaimi Suriady *(Executive Director and Head of Edible Oils & Fats Division)*
Mr Lee Kwong Foo Edward *(Chairman and Lead Independent Director)*
Mr Mark Julian Wakeford *(Chief Executive Officer and Executive Director)*
Mr Lim Hock San *(Vice Chairman and Independent Director)*
Mr Goh Kian Chee *(Independent Director)*

BOARD OF DIRECTORS

MR LEE KWONG FOO EDWARD

Chairman and
Lead Independent Director

Mr Lee spent 36 years in the Singapore Administrative Service (Foreign Service Branch), during which he served as Singapore's High Commissioner in Brunei Darussalem (1984 to 1990), Ambassador to the Philippines (1990 to 1993) and Ambassador to Indonesia (1994 to 2006).

Mr Lee was awarded the Public Administration Medal (Silver) in 1996, the Long Service Medal in 1997, the Public Administration Medal (Gold) in 1998 and the Meritorious Service Medal in 2006 by the Singapore Government. In 1993, the Philippines Government bestowed on him the Order of Sikatuna, Rank of Datu (Grand Cross).

In 2007, the Indonesian Government awarded him the highest civilian honour, the Bintang Jasa Utama (First Class).

Mr Lee has spent the last 17 years since his retirement from the diplomatic service as an independent director of some listed and non-listed companies. He is also a member of the Board of Trustees of the ISEAS - Yusuf Ishak Institute.

Mr Lee holds a Master of Arts degree from Cornell University.

MR LIM HOCK SAN

Vice Chairman and
Independent Director

Mr Lim is the Non-Executive Chairman and Independent Director of Gallant Venture Ltd. Mr Lim started his career in 1966 with the then Inland Revenue Department of Singapore. He became an Accountant at Mobil Oil Malaya Sdn Bhd in 1967 before joining the Port of Singapore Authority in 1968, where he served in various management positions. From 1975 to 1992, he was with the Civil Aviation Authority of Singapore and was promoted to the position of Director-General. Until September 2020, he was the CEO of United Industrial Corporation Ltd and Singapore Land Ltd.

Mr Lim has a Bachelor of Accountancy degree from the then University of Singapore, a Master of Science (Management) degree from the Massachusetts Institute of Technology and attended the Advanced Management Program at Harvard Business School. He is a Fellow of The Chartered Institute of Management Accountants (UK) and a Fellow and past President of the Institute of Certified Public Accountants of Singapore. He is also a recipient of the Singapore Government Meritorious Service Medal, the Public Administration Medal (Gold) and the Public Service Medal.

MR MARK JULIAN WAKEFORD

Chief Executive Officer and
Executive Director

Mr Wakeford is a Director of PT Indofood CBP Sukses Makmur Tbk and the Head of Indofood Group's Investor Relations Division. He is concurrently the President Director of PT SIMP, PT Lajuperdana Indah and CMAA. He started his career with Kingston Smith & Co, a Chartered Accounting firm in London, England.

Mr Wakeford has been in the plantation industry since 1993, working with plantation companies in Indonesia, Papua New Guinea, Soloman Islands and Thailand. He started his plantation career in Indonesia as the Finance Director of Lonsum in 1993, before moving to Papua New Guinea as the CFO of Pacific Rim Plantations Limited (PRPOL) from 1995 to 1999. In 1999, Mr Wakeford became CEO and Executive Director of PRPOL. PRPOL was sold to Cargill in 2005, Mr Wakeford spent one year with Cargill, before joining the Company in January 2007. He became CEO of the Company in August 2007.

Mr Wakeford was trained and qualified as a Chartered Accountant in London, England. He also attended the Senior Executive Programme at the London Business School.

MR MOLEONOTO TJANG

Executive Director and
Head of Finance and Corporate Services

Mr Tjang is a Director of PT Indofood Sukses Makmur Tbk, where he heads the Plantation Division. He is concurrently a Commissioner of PT Indofood CBP Sukses Makmur Tbk, Vice President Director of PT SIMP and President Commissioner of Lonsum. He started his career in 1984 with Drs. Hans Kartikahadi & Co., a public accounting firm in Jakarta. Before assuming the role of CFO in the Plantations Division of the Indofood Group, he has held various management positions in the Plantations Division of the Indofood Group and Salim Plantations Group.

Mr Tjang has a Bachelor of Accountancy degree from the University of Tarumanagara, Jakarta, a Bachelor's degree in Management and a Master of Science degree in Administration & Business Policy from the University of Indonesia. He is a registered accountant in Indonesia.

MR SUAIMI SURIADY
Executive Director and
Head of EOF Division

Mr Suriady is a Director of PT Indofood CBP Sukses Makmur Tbk, where he heads the Snack Foods Division. He concurrently serves as a Director of PT SIMP. He began his career with an automotive battery distributor, PT Menara Alam Teknik of Astra Group and moved on to join consumer goods manufacturer, Konica Film and Paper.

Mr Suriady has a Master of Business Administration from De Montfort University in the United Kingdom.

MR TJHIE TJE FIE
Non-Executive Director

Mr Tjhie is a Director of PT Indofood Sukses Makmur Tbk, where he supervises all financial operations and heads the Corporate Secretary Division. He is concurrently a Director of PT Indofood CBP Sukses Makmur Tbk and the President Commissioner of PT SIMP. He was previously a Director of Lonsum, Commissioner of PT SIMP and PT Indomiwon Citra Inti, as well as Senior Executive of PT Kitadin Coal Mining.

Mr Tjhie has a Bachelor's degree in Accounting from the Perbanas Banking Institute in Jakarta.

MR AXTON SALIM
Non-Executive Director

Mr Axton Salim is a Director of PT Indofood Sukses Makmur Tbk. He is also a Director of PT Indofood CBP Sukses Makmur Tbk, where he heads the Dairy Division. He is concurrently a Commissioner of PT SIMP and Lonsum, and Non-Executive Director of Gallant Venture Ltd and First Pacific Company Limited. He started his career in the Indofood Group as a Brand Manager for PT Indofood Fritolay Makmur before being appointed Assistant CEO of Indofood.

He co-chairs of the United Nations Scaling Up Nutrition (SUN) Movement Business Network Advisory Group and is a Coordinator of the SUN Business Network Indonesia. He is also an Advisory Board Member of the Nanyang Business School at Nanyang Technological University, and a recipient of the Alumni Achievement Award from Leeds School of Business at the University of Colorado Boulder in 2021 for his sustained commitment, support and exceptional services to the campus and the community.

Mr Salim has a Bachelor of Science in Business Administration from the University of Colorado, USA.

MR GOH KIAN CHEE
Independent Director

Mr Goh is an Independent Director of HL Global Enterprises Limited.

He started his career as an audit trainee with Goldblatt & Co (UK). He joined American International Assurance Pte Ltd in 1981 as an Accounting Supervisor. In 1982, he became a Regional Internal Auditor with Mobil Oil Singapore Pte Ltd and rose to the position of Regional Credit and Insurance Manager in 1987. In 1990, he was seconded to Mobil Petrochemicals International Ltd where he served as Regional Accounting Manager and later, as the Controller of the Asia Pacific region till 2000. Mr Goh was the Regional Vice President & Controller as well as an Executive Director of John Hancock International Pte Ltd from 2000 to 2004. He was a Consultant at the National University of Singapore's Centre For The Arts from 2005 to 2018. He was also an Independent Director of China Minzhong Food Corporation Limited from 2013 to 2017 and AsiaMedic Limited from 2006 to 2021.

Mr Goh has a Bachelor of Arts (Hons) degree in Accounting and Economics from Middlesex University, United Kingdom.

MR HENDRA SUSANTO
Independent Director

Mr Susanto is an audit committee member of PT SIMP. He began his career as an Account Relationship Manager of Standard Chartered Bank's Corporate Banking division in 1990. He joined PT BNP Lippo Leasing in 1993 as the Head of Corporate Marketing. In 1996, he joined PT ING Indonesia Bank as the Vice President of Project and Structured Finance, and was subsequently promoted to Director of Wholesale Banking. Mr Susanto also acted as the Chief Representative of ING Bank N.V. in Indonesia until 2005.

Mr Susanto has a Bachelor of Computer Science degree and a Master of Commerce degree from the University of New South Wales, Australia.

CORPORATE INFORMATION

DIRECTORS

**Chairman and
Lead Independent Director**
Lee Kwong Foo Edward

**Vice Chairman and
Independent Director**
Lim Hock San

**Chief Executive Officer and
Executive Director**
Mark Julian Wakeford

**Executive Director and
Head of Finance and
Corporate Services**
Moleonoto Tjang

**Executive Director and
Head of EOF Division**
Suaimi Suriady

Non-Executive Director
Tjhie Tje Fie

Non-Executive Director
Axton Salim

Independent Director
Goh Kian Chee

Independent Director
Hendra Susanto

EXECUTIVE COMMITTEE

Mark Julian Wakeford
(Chairman)
Tjhie Tje Fie
Moleonoto Tjang
Suaimi Suriady

AUDIT AND RISK MANAGEMENT COMMITTEE

Goh Kian Chee
(Chairman)
Lim Hock San
Hendra Susanto

NOMINATING COMMITTEE

Lee Kwong Foo, Edward
(Chairman)
Tjhie Tje Fie
Lim Hock San
Hendra Susanto

REMUNERATION COMMITTEE

Lim Hock San (Chairman)
Tjhie Tje Fie
Goh Kian Chee

REGISTRAR

Boardroom Corporate &
Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

REGISTERED OFFICE

8 Eu Tong Sen Street
#16-96/97 The Central
Singapore 059818

COMPANY SECRETARIES

Lee Siew Jee, Jennifer
Mak Mei Yook

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER

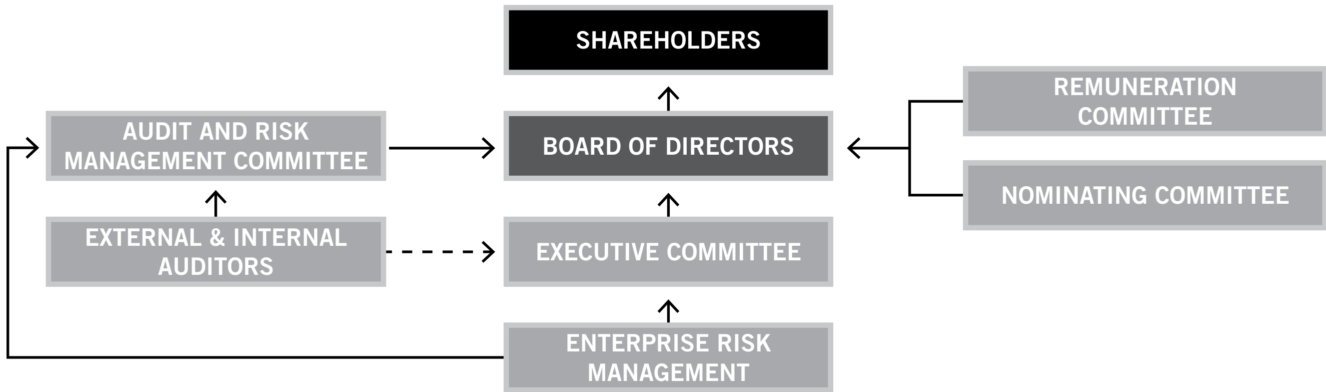
Lim Tze Yuen
(Appointed since
financial year ended
31 December 2021)

CORPORATE GOVERNANCE

The Board of Directors ("**Board**") and Management of Indofood Agri Resources Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") firmly believe that good corporate governance is a reflection of the Group's commitment towards long-term sustainable business performance.

This report sets out the key aspects of the Group's corporate governance framework and practices, with reference to the principles and provisions of the Code of Corporate Governance 2018 ("**2018 Code**"). The Company has complied with the principles of all material aspects of the 2018 Code, and where there are deviations to the 2018 Code, the explanations are provided in the respective sections of this report.

CORPORATE GOVERNANCE FRAMEWORK



BOARD MATTERS

PRINCIPLE 1: The Board's Conduct of Affairs
The Company is headed by a Board of Directors that oversees the conduct of the Group's business affairs and performance by working closely with the Management to achieve strategic goals and enhance shareholder value.

Roles and Responsibilities: The primary function of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. During 2022, besides carrying out its statutory responsibilities, the Board's roles and responsibilities are as follows:

- Guide the formulation of the Group's long-term strategic plans, performance objectives and operational initiatives;
- Establish and oversee the processes for evaluating the adequacy and effectiveness of the Group's risk management and internal controls framework, financial reporting and compliance with legislative and regulatory requirements;
- Review and approve the Group's business plans, including annual budgets, and major funding, investment and divestment proposals;
- Manage and monitor the Group's sustainability initiatives, and consider the material environmental, social and governance ("**ESG**") factors as part of its strategic formulation;
- Oversee the Group's business affairs, including its financial performance and condition, and monitor the performance of the Management;
- Approve matters as specified under the Singapore Exchange Securities Trading Limited ("**SGX-ST**") interested person transaction policy and assume responsibility for good corporate governance, including the establishment of an enabling culture, exemplary values and ethical standards of conduct across the Group;
- Ensure that the Group's obligations to shareholders and other stakeholders are understood and duly met; and
- Ensure that the Group's communication with its stakeholder groups is transparent and accountable.

Directors' Duties and Obligations: The Board of Directors shall exercise due care and independent judgement, and objectively discharge their duties and responsibilities in the best interest of the Company. This is one of the performance criteria for self and peer assessments in the Nominating Committee's ("**NC**") annual evaluation of the effectiveness of the Directors.

CORPORATE GOVERNANCE

The Board comprises Executive, Non-Executive and Independent Directors, whose duties and obligations are as follows:

- **Executive Directors** ("**EDs**") are members of the Management who are involved in the day-to-day running of the business. They work closely with the NEDs on the long-term sustainability and success of the businesses. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.
- **Non-Executive Directors** ("**NEDs**") do not participate in the business operations. They constructively challenge the Management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of the Management's performance in achieving the strategic objectives as well as the appointment, assessment and remuneration of the EDs and key personnel.
- **Independent Directors** ("**IDs**") are NEDs who are unrelated to any of the EDs and deemed to be impartial by the Board. IDs have similar duties as the NEDs, with the additional responsibility of providing independent and objective advice and insights to the Board and Management.

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. The Company has in place appropriate procedures where, on an annual basis, each Director will also submit details of his associates for the purpose of monitoring interested person transactions. Where a Director has a conflict or potential conflict of interest in relation to any matter, he will immediately declare his interest either at the meeting of the Directors or by written notification to the Company. Unless the Board is of the opinion that his presence and participation are necessary to enhance the efficacy of such discussion when the conflict-related matter is discussed, the Director will refrain from participating in the discussion and abstain from voting in relation to the conflict-related matters.

Based on the assessments for 2022, all the Directors have satisfactorily discharged their duties.

Director Orientation and Training: The Board recognises the importance of professional development for the Directors for them to contribute effectively during the Board and Board Committee meetings. All newly appointed Directors are briefed by the Chairman of the Board as well as any Board Committees they are appointed to regarding their roles, duties and responsibilities. They will also attend an orientation programme conducted by the Management to familiarise them with the Group's organisation structure, business operations, strategic directions, industry trends, corporate developments and corporate governance practices as well as their statutory duties and other responsibilities as Directors. In 2022, there was no new Director appointed to the Board.

The Directors receive continuing education and training in areas pertaining to their duties and responsibilities. This includes seminars and workshops on corporate governance, financial reporting standards, and relevant laws and regulations, such as the SGX-ST Listing Manual, the Code of Corporate Governance and the Companies Act. The Directors also attend seminars and training organised by the Singapore Institute of Directors ("**SID**") and other professional organisations to stay abreast of recent developments and approaches in financial, legal, corporate governance and regulatory practices.

Seminars and training programmes attended by the Board in 2022
Directors Conference 2022: Directors in a 4D World – Digital, Decentralised, Decarbonised & Diverse by SID
Audit Committee Seminar 2022: Financial Oversight, Accountability and Reporting – Moving the Needle by ACRA, SGX and SID
ESG: Environmental, Social and Governance Essentials by SID
The Elements of ESG Metrics: Measuring What Matters by SID
Sustainability in the Spotlight: Board ESG Oversight and Strategy by SID
How Boards Can Implement an integrated approach to Climate Risk and Strategy by SID
9th Hong Leong and CDL Group Annual Sustainability Forum by CDL
Sustainability: Get Ready for IFRS Sustainability Disclosure Standards by KPMG
Geopolitics by Eurasia and KPMG
Indonesia's economic outlook 2023 by Dr Muhammad Chatib Basri
Global Economic Outlook 2023 by Dr Muhammad Chatib Basri
Hong Kong Legal and Regulatory Update by Gibson Dunn

CORPORATE GOVERNANCE

Board Delegation and Support: To discharge its fiduciary duties and responsibilities more effectively, the Board is supported by the Executive Committee ("**Exco**"), the Audit and Risk Management Committee ("**AC & RMC**"), the NC and the Remuneration Committee ("**RC**"). These Board Committees play a key role in enhancing corporate governance, improving internal controls and driving the Group's performance. Each Board Committee has clearly defined terms of reference that set out its compositions, duties, authority and accountability to the Board. The terms of reference are reviewed annually.

The Exco is chaired by Mr Mark Julian Wakeford, with Messrs Tjhie Tje Fie, Moleonoto Tjang and Suaimi Suriady as members. The Board delegates the Exco certain discretionary limits and authority for business development, investment, divestment, capital expenditure, finance, treasury, budgeting, human resource ("**HR**") and business planning. The Exco is entrusted to execute the business strategies approved in the annual budget and business plan, implement the appropriate accounting systems and other financial controls, put in place a robust risk management framework, monitor compliance to laws and regulations, adopt competitive HR practices and compensation policies, and ensure that the Group operates within the approved budget.

All the Directors are required to declare their board representations. To ensure that the Directors with multiple board representations can devote sufficient time and attention to the affairs of the Company, all the Directors submit an annual affirmation to allocate sufficient time and efforts to carry out their Board duties and responsibilities.

The Board and Board Committees are supported by the Company Secretaries who are competent in company laws and company secretariat practices, including taking minutes of meetings, ensuring compliance with Board procedures and regulatory requirements, and assisting the Board to implement and strengthen corporate governance policies and processes.

The Company Secretaries attend all the Board meetings and are directly accountable to the Chairman on all matters relating to the proper functioning of the Board. The Company Secretaries act as the primary point of contact between the Company and the SGX. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Board Processes: All Board and Board Committee meetings, as well as the Annual General Meeting ("**AGM**"), are scheduled at the start of the year in consultation with the Directors. The Board and Board Committees meet regularly to discuss the Group's business results and performance, strategic decisions and policies, operational matters and governance issues. The Board meets at least four times a year, the AC & RMC at least six times a year, and both the RC and the NC at least once a year.

The Company Secretaries circulate the schedules of the meetings to the Directors at the beginning of the calendar year. Board papers, financial results, project updates, budgets and forecasts are circulated to the Directors with sufficient time for them to consider the issues before engaging in productive discussions during the meetings.

The Board is regularly updated on significant developments and events regarding the Group. All the Directors have direct and independent access to the Company Secretaries as well as the Management for additional information. They may seek professional advice, either individually or as a group, in executing their duties, and invite external consultants to present or advise on specific matters at Board or Board Committee meetings. The cost of engaging external advice shall be borne by the Company.

The Company's Constitution allows for the Board and Board Committee meetings to be conducted remotely via telephone or any other available communication channels, and for decisions to be made by way of written resolutions. Directors who are unable to attend the Board or Board Committee meetings are provided with the meeting minutes and materials to facilitate subsequent discussions or follow-up actions after the meetings. The Board and Board Committees can also make decisions by way of circulating the resolutions.

CORPORATE GOVERNANCE

The attendance at the Board and Board Committee meetings and AGM in 2022 was as follows:

Description	Board	AC & RMC	NC	RC	AGM
Number of meetings held in 2022	**6**	**6**	**1**	**1**	**1**
Name of Directors	Number of meetings attended				
Lee Kwong Foo, Edward	6	–	1	–	1
Lim Hock San	6	6	1	1	1
Mark Julian Wakeford	6	–	–	–	1
Moleonoto Tjang	6	–	–	–	1
Suaimi Suriady	6	–	–	–	1
Tjhie Tje Fie	5	–	1	1	1
Axton Salim	6	–	–	–	1
Goh Kian Chee	6	6	–	1	1
Hendra Susanto	6	6	1	–	1

Chairman

"-" Not Applicable

In addition, the Directors also attended special Board meetings to discuss the Group's long-term sustainability strategy and business plans in 2022.

Board Approval: The Company has internal guidelines governing the key matters requiring the Board's approval as specified by the SGX-ST listing rules and regulations. Some of the issues requiring the Board's approval include the Company's strategic and operating plans, half-yearly and full-year financial results, dividend matters, issuance of shares, succession plan for the Board and Management namely the Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and Chief Operating Officer ("**COO**"), acquisition and divestment of businesses exceeding certain material limits, and all material commitments to term loans, lines of credit and credit support from banks and financial institutions.

PRINCIPLE 2: Board Composition and Guidance
Board Composition and Size: The Company recognises and values the diversity of backgrounds and perspectives of the Board as a critical asset in making objective and comprehensive decisions that are in the best interest of the Company. The NC ensures a balanced representation at the Board by considering factors such as the diversity of skills, knowledge, experience, gender, background and age of the Directors. The NC is also responsible for examining the composition and size of the Board and Board Committees.

As at 22 March 2023, the Board was made up of nine Directors, comprising three EDs, two NEDs and four IDs. All the Directors are male, between 44 and 76 years old, and have each served on the Board for around 16 years. Three of the Directors are Singaporeans and the other six are either Singapore permanent residents or foreigners.

Name	Board of Directors		Exco	AC & RMC	NC	RC
	Status	Position				
Lee Kwong Foo, Edward	Lead Independent	Chairman			Chairman	
Lim Hock San	Independent	Vice-Chairman		Member	Member	Chairman
Mark Julian Wakeford	Executive	Member	Chairman			
Moleonoto Tjang	Executive	Member	Member			
Suaimi Suriady	Executive	Member	Member			
Tjhie Tje Fie	Non-Executive	Member	Member		Member	Member
Axton Salim	Non-Executive	Member				
Goh Kian Chee	Independent	Member		Chairman		Member
Hendra Susanto	Independent	Member		Member	Member	

CORPORATE GOVERNANCE

The current Board composition reflects the Company's commitment to Board diversity, with members representing different geographical backgrounds (Singapore, United Kingdom and Indonesia), experiences, professions and age groups. The Directors possess a wide range of skills, qualifications and competencies in operations management, banking, finance, accounting, risk management and industry knowledge that meets the requirements of the Group. Three of the Directors, namely the CEO, Mr Mark Julian Wakeford, and the EDs, Messrs Moleonoto Tjang and Suaimi Suriady, have extensive experience in plantation management and downstream refinery operations in Indonesia. The biographies and key information of the Directors are provided on pages 29 to 31 of this Annual Report.

Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that the Board size of nine is appropriate. The Board also believes that the current composition of the Board and Board Committees effectively serve the Group. The current Directors provide diversity and allow for informed and constructive discussion and effective decision-making at the Board meetings. The Board will, however, continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

The Company endorses the principle that its Board should have a balance of skills, knowledge and experience appropriate to its business so as to mitigate against groupthink and to ensure that the Group can benefit from all available talents. In reviewing the Board's composition and succession planning, the NC considers the benefits of all aspects of diversity.

The NC reviews the composition and size of the Board every year. It is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each Director has been appointed on the strength of his calibre, experience, stature and ability to contribute to the development of the Group strategy and business performance.

Board Independence: The NC conducts an annual review to determine the independence of the Directors according to the guidelines of the 2018 Code and the SGX-ST listing rules. The NC also considers the nature of relationships and circumstances that could influence the judgement and decisions of the Directors and deliberates the independence of the Directors based on their conduct and judgement before tabling its findings and recommendations to the Board for approval.

Annual Review of Directors' Independence
The NC noted that Messrs Edward Lee, Lim Hock San, Goh Kian Chee and Hendra Susanto had each served on the Board for more than nine years.

In February 2023, the NC conducted an annual review of the independence of the Directors based on their self-declaration in the Directors' Independence Checklist, respective performance in the Board and Board Committee meetings, and peer assessments of the individual Director's performance. Non-Executive IDs were subjected to a more rigorous review.

All of the current Directors had declared their independence from any affiliations with the Company, its related corporation, substantial shareholders or officers that could interfere or be reasonably perceived to interfere with the exercise of their independent judgement.

The Board Committees and the NC (except the incumbents who recused themselves from their respective Directors' Independence Checklist) unanimously agreed that Messrs Edward Lee, Lim Hock San, Goh Kian Chee and Hendra Susanto had at all times exercised independent judgment, objectively deliberated any decisions in their respective Board and Board Committees, and discharged their Director's duties in the best interests of the Company.

Taking into consideration the Transitional Arrangement introduced by SGX-ST regarding the IDs who have served for more than nine years, the NC and the Board deemed Messrs Edward Lee, Lim Hock San, Goh Kian Chee and Hendra Susanto to be independent during this Transitional Period. The NC, in consultation with the controlling shareholder, will manage this closely to ensure a smooth Board transition.

Proportion of NEDs: To ensure proper check and balance between the Board and the Management, six out of the nine Directors are NEDs. The NEDs shall attend the Board meetings, participate actively in discussions on the Company's strategic plan and issues, monitor the Company's performance and review the Management's performance against the agreed targets. The NEDs may convene meetings in the absence of the Management to deliberate on Company matters, such as Board processes and practices, corporate governance initiatives, succession planning, leadership development and remuneration.

CORPORATE GOVERNANCE

Role of the Lead ID: The Board has appointed Mr Edward Lee, who is the Chairman of the Board, as the Lead ID. Pursuant to Rule 1207(10A) of the SGX-ST Listing Manual, Mr Edward Lee is not related to the CEO or members of the Management. He coordinates and leads the IDs to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He facilitates and chairs the meetings with the NEDs as and when such meetings are deemed necessary.

The Lead ID is also available to shareholders should they have concerns that cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels. There was no query or request on any matters requiring the Lead ID's attention in 2022.

Board Guidance: The Directors, especially the NEDs, are kept informed of the Company's business and affairs and the industry in which the Company operates. This knowledge is essential for the Directors to engage in informed and constructive discussions.

All Directors have unrestricted access to the Company's records and information. The Company has put in place processes to ensure that the Directors are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of the Management and to perform their duties effectively. Besides receiving regular Board briefings on key business initiatives, information papers, and industry and market reports, the Directors are also informed by the Management as and when there are any significant developments, major decisions, business deals or events relating to the Group's business operations. A tentative schedule of meetings for the year is given to the Board a year in advance.

The Board papers prepared for each meeting are normally circulated prior to the meeting. This is to give the Directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers provide sufficient background and explanatory information from the Management on financial impact, mitigation strategies, risk analysis, expected outcome, regulatory implications and corporate issues to enable the Directors to be properly briefed on the issues to be considered at Board and Board Committees meetings. Such explanatory information may also be in the form of briefings or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects, to provide additional insights to the Directors.

Where required or requested by Board members, site visits to plantations, mills and factories, and meetings with personnel from the Group's business divisions are also arranged to provide Directors with a better understanding of the business operations in each division. The NEDs have free access to the Management to consult on any matters regarding the Company and its operations. They can also engage external professional advice, either individually or as a group, to support their roles and duties.

In January 2022, the Board and Management conducted a strategic review of the Group's performance in the last decade, macroeconomic and industry outlooks, key challenges and core issues, as well as the key strategies required to capture identified opportunities and address areas of concern. The Board and Management agreed that the key strategies would focus on low-cost production, having a stronger cashflow, improving yields through active crop management, and pursuing relevant innovations and mechanisation to raise plantation productivity.

The Directors were also briefed by an external consultant on the requirements for implementing the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Board Diversity Policy

The Company recognises and advocates Board diversity to draw on the diversity of skills, experiences, backgrounds, gender and age among its members as stated under the 2018 Code and listing rules. The Board realises that limiting its diversity focus to gender alone would be too narrow, and that the Company's Board Diversity Policy should encompass a spectrum of attributes such as skills, experiences, backgrounds, nationalities, age and other relevant factors. These diversities will be considered in determining the optimum composition of the Board, and when possible, will be balanced appropriately.

CORPORATE GOVERNANCE

In reviewing the Board's composition and succession planning, the NC will consider the benefits of Board diversity, including knowledge of the Company and the industry. The NC will also consider the suitability of Board candidates based on individual merit, and whether their skills, experience, independence and knowledge would contribute to an effective Board.

The Board noted that its current composition reflects a diverse demographic, backgrounds and experiences, with an appropriate balance of skillsets and knowledge, suited for the nature and scope of the current operations. The current Directors bring with them a wide range of core competencies, from accounting and finance to business and management, industry knowledge, strategic planning and deep customer knowledge. The diversity of their backgrounds and perspectives has allowed for richer discussions and the useful exchange of ideas and views. In considering new candidates for vacated Board appointments, the NC will look for suitable individuals with skills and experiences that can complement the Board's current profile.

In 2022, the Board after taking into account the views of the NC, considers that its Directors meet the criteria under the Company's Board Diversity Policy.

PRINCIPLE 3: The Chairman and The Chief Executive Officer
Separation of Roles: The roles of the Chairman and the CEO must be held by different persons, each with a clear set of roles and responsibilities, to ensure the proper balance of power and independence.

Mr Edward Lee is the Chairman of the Board as well as the Lead ID. Pursuant to Rule 1207(10A) of the SGX Listing Manual, Mr Edward Lee is not related to the CEO or members of the Management. As the Chairman, Mr Edward Lee bears the responsibility for the proper functioning of the Board and the effectiveness of its governance processes. The Chairman works closely with the CEO to develop the agenda for the Board meetings and to ensure that the Company Secretaries disseminate the Board papers and materials to the Directors on time to prepare them for the Board meetings. During the Board meetings, the Chairman shall facilitate open and objective discussions among the Directors to encourage active participation, and to ensure that all issues on the agenda are carefully deliberated before arriving at a decision. The Chairman also plays an important role to facilitate smooth and constructive communications among shareholders, Directors and the Management at the AGM and shareholder meetings.

Mr Mark Julian Wakeford is the CEO, whose responsibilities include charting the corporate directions and business strategies, establishing marketing and strategic alliances, and providing strong leadership and clear vision for the Company. The CEO is responsible for the day-to-day operations and management of the Company. He is supported by the Exco and is accountable to the Board for all decisions, actions and performance of the Company.

PRINCIPLE 4: Board Membership
The Board has a formal and transparent process for the appointment and re-appointment of Directors.

Nominating Committee: The NC is chaired by Mr Edward Lee (Lead ID), with Messrs Lim Hock San (ID), Hendra Susanto (ID) and Tjhie Tje Fie (NED) as members. The NC meets at least once a year to carry out the following duties and functions:

- Review the succession plans for the Board and the Management;
- Nominate new Directors to the Board;
- Recommend the re-appointment of Directors to the Board with consideration of their respective contributions, conduct and performance;
- Ensure the Directors submit themselves for re-appointment at least once every three years;
- Conduct an annual review of the independence of the Directors according to the 2018 Code;
- Assess the attitude and abilities of the Directors to adequately carry out their respective duties and responsibilities, especially for those with other board commitments;
- Establish the evaluation criteria for the Directors' performance; and
- Review the professional training and development programmes for the Directors.

Nomination of New Directors and Re-appointment of Incumbent Directors: The NC adopts the following process to select and nominate new Directors as well as re-appoint incumbent Directors for another term on the Board:

- Conduct an annual review on the size and composition of the Board to ensure there are sufficient IDs represented;
- Leverage external resources, such as recruitment firms, to search and shortlist potential candidates;
- Review the suitability of each candidate, including factors like experience, competencies, drive and commitment, in consultation with the Board and the Management, to ensure diversity and effectiveness of the Board; and
- Recommend the best candidates to the Board for approval.

CORPORATE GOVERNANCE

In recommending the Directors for re-appointment, the NC considers factors such as the needs of the Group, the requirements of the Group's business, the need to avoid undue disruptions from changes to the Board and the Board Committees, the Board members' attendance record and level of participation and contribution at the Board and Board Committee meetings. Pursuant to the Company's Constitution, at least one-third of the Board shall retire from office by rotation at each AGM. Unless they are disqualified from holding office, all the incumbent Directors shall submit themselves for re-appointment at least once every three years.

Retirement by Rotation at the 2023 AGM: Messrs Tjhie Tje Fie, Mark Julian Wakeford and Hendra Susanto will retire by rotation at the 2023 AGM pursuant to Regulation 111 of the Constitution of the Company. Messrs Tjhie Tje Fie and Mark Julian Wakeford are seeking re-election at the AGM of the Company on 14 April 2023 and will continue to serve as members of the Board if they are successfully re-elected. Mr Hendra Susanto had indicated to the Company that he will not be seeking re-election and wishes to retire at the AGM. Following the retirement of Mr Hendra Susanto with effect 14 April 2023, immediately after the conclusion of the upcoming AGM, and assuming that there is no appointment of a new director, the Board will have eight members, the majority of whom are NEDs and IDs.

Detailed information on these two Directors seeking re-election (including information as set out in Appendix 7.4.1 of the SGX-ST Listing Manual) can be found under "Board of Directors" and "Supplemental Information on Directors Seeking Re-election at the 2023 AGM" of this Annual Report.

Directors' Commitment: For Directors serving on the board of other public-listed companies, the NC adopts a holistic assessment instead of prescribing a maximum number of directorships and/or other principal commitments that each Director may have. The NC will review the nature and complexity of their other commitments, including the number of board representations, against their attendance, participation and contributions at the Company's Board and Board Committee meetings, in assessing whether they have effectively carried out their fiduciary duties as Directors of the Company. The NC was satisfied that all the Directors were able to participate in a substantial number of the Board and Board Committee meetings and had devoted sufficient time and attention to the affairs of the Company in 2022. They had adequately discharged their duties as Directors and provided objective views to the Board and the Management. The Board does not see a need at present to limit the number of board representations for the Directors.

Alternate Directors: The Company has no Alternate Directors on the Board.

Nominee Directors: The NC does not see a need at present for Nominee Directors and has not formulated a policy for such appointments.

PRINCIPLE 5: Board Performance
Evaluation of the Board, Board Committees and Directors: The NC has established a formal process to review the performance and effectiveness of the Board and Board Committees, as well as the contributions by the Chairman of the Board and each individual Director to the effectiveness of the Board, using key criteria set out in the "Nominating Committee Guide" issued by the SID. Where appropriate, the Board will recommend changes to the assessment forms to align with prevailing regulations.

The NC assesses the performance of the Board and its Board Committees annually, using objective and appropriate criteria recommended by the NC and approved by the Board. All the Directors are required to complete the following evaluation forms annually:

- Board Assessment
- Board Committee Assessment for the AC & RMC, the NC and the RC
- Board Chairman Assessment
- Director Peer Assessment

The evaluation forms were designed to seek the Directors' views on various aspects of the Board and Board Committees' performance and competencies to assess their overall effectiveness.

The Chairman is assessed by his fellow Board members on his ability to lead the Board, establish proper procedures to ensure the effective functioning of the Board, and facilitate meaningful participation and open communication during Board meetings.

The NC evaluates the contributions and performance of the Directors and recommends key areas for improvement in its report to the Board.

CORPORATE GOVERNANCE

The Board, through the NC, has used its best effort to ensure that all the Directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, business knowledge, competencies in finance and management skills critical to the Group's operations. The Board has also ensured that each Director is able to offer an independent and objective perspective to enable sound, balanced and well-considered Board decisions to be made.

To ensure confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review and discussion, before the findings and suggestions for improving the effectiveness of the Board and Board Committees were presented to the Board.

Following the review in 2022, the Board is of the view that the Board and Board Committees were able to operate effectively and that each Director was contributing to the overall effectiveness of the Board and Board Committees. There was no external consultant involved in the Board evaluation process in 2022.

REMUNERATION MATTERS

PRINCIPLE 6: Procedures in Developing Remuneration Policies
Remuneration Committee: The RC is chaired by Mr Lim Hock San (ID), with Messrs Tjhie Tje Fie (NED) and Goh Kian Chee (ID) as members. The RC meets at least once a year to review and approve the remuneration package and terms of employment for the Directors and key management personnel ("**KMP**").

The RC shall review and recommend to the Board on all aspects of remuneration for the Directors and KMP, including the Directors' fees, as well as salaries, allowances, bonuses and benefits-in-kind for the KMP. The RC will ensure that the termination pay-out, retirement payment, gratuity, ex-gratia payment, severance payment and other such compensations in the employment contracts of the KMP are reasonable and not overly generous.

The RC shall submit its recommendations on the remuneration package for the KMP as well as present the Directors' fees as a total sum to the Board for endorsement before tabling its proposal at the AGM for the shareholders' approval.

The RC is empowered to review the HR management policies of the Group and may seek external professional advice on remuneration and HR matters.

PRINCIPLE 7: Level and Mix of Remuneration
The Company's remuneration policy aims to reward the EDs and the Management based on their performance and contributions to the Group and to ensure the remuneration is commercially competitive to attract and retain the right talent. The remuneration package is carefully structured to deliver sustained performance and value for the Group and to strengthen the accountability and commitment of the Management in today's highly globalised and competitive environment.

Remuneration for the IDs and NEDs: The RC adopts a Base Fee Remuneration model for the IDs. The Director's fee is benchmarked against various factors, including prevailing market practices and industry norms as well as the roles and responsibilities of the IDs and NEDs in the Board and Board Committees. IDs or NEDs who chair the Board or Board Committees are paid higher fees given their greater responsibilities. Those who join the Board Committees are paid additional fees for their services.

Non-independent NEDs do not receive any Director's fees or any other forms of remuneration. When a NED is required to travel for Company business, the Company will reimburse all the travel-related expenses and provide a prescribed daily allowance.

Remuneration for the EDs and KMP: The RC establishes the remuneration framework for EDs and KMP in consultation with the controlling shareholders, taking into account the performance of the Group, the business unit and the individual along with the relevant benchmarks in the respective markets and industries. The RC shall exercise full discretion and independent judgment to determine the right level and mix of compensations for the long-term success of the Company while upholding shareholders' interest.

The remuneration of the EDs and KMP comprises both fixed and variable components.

CORPORATE GOVERNANCE

Fixed component:
The fixed components comprise mainly the annual base salary, fixed benefits and other defined contributions. In determining the fixed components, the RC will consider the individual responsibilities, performances, qualification and experience, as well as regulatory guidelines on wages, economic inflation and market surveys on executive compensations.

The base salary is recommended by the RC and approved by the Board. The base salary is reviewed annually in accordance with the performance of the Group and the business unit, as well as the individual contributions of the Directors.

The Group also provides benefits and contributions in line with local market practices and legislative requirements. The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund, a defined pension scheme in Singapore. In Indonesia, the Group makes contributions to defined retirement plans covering all its qualified permanent employees. The Group also provides for employee service entitlements in line with the minimum benefits payable to qualified employees, as required under the Indonesian labour law.

Variable component:
The variable components, including bonuses and incentives, are designed to support the Group's business strategy and to drive shareholder value through annual financial, strategic and operational objectives. They are linked to the Group's financial and non-financial performance as well as the individual performance through a Balanced Scorecard that covers the six key areas of crop, cost, condition, people, processes and products underlying the Group's strategic objectives. Weightings are assigned to the targets to encourage a balanced performance and to avoid over-emphasis on any one measure.

The Company does not offer a share option scheme. The RC may consider other forms of long-term incentive schemes for the KMP when necessary. The RC is empowered to withhold or reclaim the variable incentives from the EDs and KMP in exceptional circumstances involving material misstatement of financial results or misconduct resulting in financial losses to the Company.

The RC was satisfied that the remunerations awarded to the EDs and KMP in 2022 were aligned with their respective performances.

PRINCIPLE 8: Disclosure on Remunerations
The 2018 Code requires the disclosure of the policy and criteria for setting remuneration, as well as the names, amounts and breakdown of remuneration of (a) each Director and the CEO; and (b) at least the top five KMP (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these KMP.

Remuneration for the Directors and the CEO: The remunerations for the Directors and the CEO that were paid by the Company and its subsidiaries for the financial year ended 31 December 2022 were as follows:

Name of Directors	Fixed Salary	Variable Bonus*	Directors' Fees
Above S$1,250,000			
Mark Julian Wakeford (1)	82%	18%	–
Moleonoto Tjang (2)	20%	80%	–
Below S$250,000			
Lee Kwong Foo, Edward (1)	–	–	100%
Lim Hock San (1)	–	–	100%
Goh Kian Chee (1)	–	–	100%
Hendra Susanto (1)	–	–	100%
Suaimi Suriady (3)	–	–	–
Tjhie Tje Fie (3)	–	–	–
Axton Salim (3)	–	–	–

(1) Remuneration paid by the Company.
(2) Remuneration paid by the subsidiary, PT SIMP.
(3) Remuneration paid by the parent company, PT ISM, or by other companies in the PT ISM Group.
** None of the EDs received any other benefits besides the variable bonus.*

CORPORATE GOVERNANCE

Considering the competitive nature of the industry and the steep competition for talent, the Company has decided not to disclose the upper band of the remuneration of its Directors.

The Board understands that remuneration continues to be a sensitive issue. The EDs sitting on the Board also hold executive positions in the Group's other business units or subsidiaries in Indonesia. The detailed remuneration of individual Directors if disclosed in Singapore would affect the confidentiality of their remuneration and put them in an unfair position due to unequal treatment in dealing with the confidentiality of remuneration compared with their colleagues in Indonesia, whose remuneration is not disclosed. Considering the highly competitive nature of the industry and the steep competition for talent, especially those with deep expertise and experience in similar operations as the Group, it is not in the interest of the Company to disclose the exact remuneration of EDs. The Company has thus not provided the remuneration in bands or to the nearest dollar of its EDs but provided the mix of the fixed and variable components instead. None of the EDs received any other benefits besides the variable bonus.

In view of the above, the Company believes that its current disclosure provided in the above table is consistent with the intent of Principle 8 of the Code as the disclosures provided are sufficiently transparent in giving an understanding of the remuneration of its EDs.

Remunerations for the IDs: The Director's fees paid to the IDs were as follows:

Role	Fees Framework (in S$)			
	Board	AC & RMC	NC	RC
Chairman	80,000	30,000	15,000	15,000
Member	55,000	15,000	10,000	10,000

Name of ID	Board	AC & RMC	NC	RC	Total (S$)
Lee Kwong Foo, Edward	Chairman	–	Chairman	–	95,000
Lim Hock San	Member	Member	Member	Chairman	95,000
Goh Kian Chee	Member	Chairman	–	Member	95,000
Hendra Susanto	Member	Member	Member	–	80,000
Total Fees paid to IDs					**365,000**

Remunerations of the KMP: The remunerations of the top five KMP, who were not Directors or the CEO of the Company, were as follows:

Name	Job Position	Fixed Salary	Variable Bonus/ Benefits
S$250,000 – S$500,000			
Mak Mei Yook (1)	CFO	80%	20%
Johnny Ponto (2)	Director of PT SIMP	42%	58%
Tan Agustinus Dermawan (2)	Director of PT SIMP	43%	57%
Rogers H. Wirawan (2)	Head of Internal Audit	54%	46%
S$1,000,000 – S$1,250,000			
Benny Tjoeng (3)	President Director of Lonsum	39%	61%

(1) Remuneration paid by the Company.
(2) Remuneration paid by the subsidiary, PT SIMP.
(3) Remuneration paid by the subsidiary, Lonsum.

The total aggregate remuneration paid to the KMP for the financial year ended 31 December 2022 was S$2,705,799.

There was no pay-out for termination, retirement or post-employment benefit granted to any of the Directors or KMP in 2022.

CORPORATE GOVERNANCE

Remunerations for employees who are immediate family members of a Director, the CEO or a substantial shareholder: There was no employee of the Company or its subsidiaries who was an immediate family member of a Director, the CEO or a substantial shareholder and whose remuneration exceeded S$100,000 for the financial year ended 31 December 2022.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: Risk Management and Internal Controls
The Board is solely accountable to the shareholders. It is required to furnish timely information and ensure the appropriate disclosure of material information to the shareholders in compliance with the SGX-ST Listing Manual and other regulatory requirements.

The Board has overall responsibility for the governance and oversight of material risks for the Group. It is supported by the AC & RMC which maintains oversight of the Group's risk in financial reporting and reviews the adequacy and effectiveness of the Group's internal controls and risk management system.

Following the amendments to Rule 705 of the SGX-ST Listing Manual effective 7 February 2020, the Company will not be required to announce its financial statements on a quarterly basis. The Board has, after due deliberation, decided that the financial statements will be announced on a half-yearly basis. In line with this, the AC & RMC meet with the external auditor at least two times a year with effect from 2020, and at least one of these meetings is conducted without the Management present. The external auditor was present at these meetings to discuss the feedback on the competency and adequacy of the finance function, assess the assistance given by the Company's Management, and ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems.

The AC & RMC also meets with the Internal Audit Department ("**IAD**") and the Enterprise Risk Management ("**ERM**") team four times a year and reports to the Board every quarter on its findings on the material impacts and recommendations on risk mitigation measures. At one of these meetings, the AC & RMC met the Head of IA and ERM separately without the Management present.

For the financial year ended 31 December 2022, the AC & RMC reviewed the Group's half-year and full-year financial statements together with the external auditor before these reports were tabled to the Board for approval. It also conducted quarterly reviews of key findings by the IAD and the ERM team, as well as actions recommended by the Management to rectify the discrepancies. The AC & RMC was kept abreast of changes to accounting standards and the impacts on financial reporting by the external auditor.

Both the IAD and the ERM team work closely to manage high-risk areas, ensure the accuracy of the risk assessment reports, and enforce risk mitigation controls and strategies. The IAD also performs independent reviews of the risks and controls identified by the ERM team to ensure adequate monitoring and resolution. In 2022, the AC & RMC was satisfied that effective internal controls were put in place and supported by a sound internal audit process and a comprehensive ERM framework to identify, monitor, manage and report material risks in key areas, including strategy, operations, governance and finance.

The Board made its assessments based on quarterly updates and discussions with the AC & RMC on the adequacy and effectiveness of the Group's internal controls and risk management systems. The Board was assured by the CEO and CFO of the proper keeping of financial records and financial statements to give a true and fair view of the Group's operations and finances. The Board was also assured by the CEO and KMP that adequate and effective risk management and internal control systems were implemented to safeguard the stakeholders' interests.

Noting that no internal control system or ERM framework could completely guarantee against material judgements or human errors, frauds and other irregularities, the Board was of the view that the Group's internal control system, including financial, operational, compliance and information technology controls, and ERM framework were adequate and effective in addressing the identified risks. The AC & RMC concurred with the Board's assessment.

In 2022, the key audit matters listed below were discussed between the Management and the external auditor, and subsequently reviewed by the AC & RMC. The AC & RMC was satisfied that the key audit matters were appropriately addressed and disclosed in the financial statements.

CORPORATE GOVERNANCE

Key Audit Matters	Key Considerations and Decisions made by the AC & RMC
Impairment assessment of goodwill	The AC & RMC considered the methodology applied by (i) the independent valuer engaged by the Management to determine the recoverable amount of the goodwill and the underlying assets associated with Lonsum using the income approach, and (ii) the management's internal assessment of the recoverable amount of other goodwill from other acquisitions. They also reviewed the appropriateness and reasonableness of the underlying assumptions applied in determining the recoverable amount of the goodwill impairment, as well as the audit findings report presented by the external auditor during the year-end meeting. The AC & RMC concurred with the Management's assessment of goodwill impairment for the financial year ended 31 December 2022.
Impairment assessment of property, plant and equipment	The AC & RMC reviewed the methodology and key assumptions used by the Management in determining the recoverable amount for the impairment assessment of rubber bearer plants included under the property, plant and equipment using the income approach. They also considered the appropriateness and reasonableness of the underlying assumptions in determining the recoverable amount of rubber bearer plants, as well as the audit findings report presented by the external auditor during the year-end meeting. The AC & RMC concurred with the Management's impairment assessment of rubber bearer plants for the financial year ended 31 December 2022.
Recoverability of plasma receivables	The AC & RMC reviewed the methodology and key assumptions used by the Management in determining the recoverability of plasma receivables by estimating the allowance for expected credit loss ("**ECL**") using the general approach as these receivables contain a significant financing component. They also considered the appropriateness and reasonableness of the underlying assumptions in determining the allowance for ECL, as well as the audit findings report presented by the external auditor during the year-end meeting. The AC & RMC concurred with the Management's assessment of the recoverability of plasma receivables for the financial year ended 31 December 2022.

The key audit matters listed in the external auditor's report for the financial year ended 31 December 2022, together with a detailed description of the audit procedures adopted, can be found on pages 55 - 57 of this Annual Report.

PRINCIPLE 10: Audit Committee
Composition of the AC & RMC: The AC & RMC is chaired by Mr Goh Kian Chee (ID), with Messrs Lim Hock San (ID) and Hendra Susanto (ID) as members. The AC & RMC possess sound expertise in financial management and is fully qualified to discharge its powers and duties. None of the AC & RMC members was a partner, employee or Director of the Company's external auditor, Messrs Ernst & Young LLP, within the last 24 months, nor do they hold any financial interest in Messrs Ernst & Young LLP.

Powers and Duties of the AC & RMC
The key responsibility of the AC & RMC is to support the Board in risk management, internal controls and governance processes as well as to conduct an independent review of the effectiveness of the ERM framework and the adequacy of internal control measures in addressing the financial, operational, compliance and information technology risks. The AC & RMC is empowered to review and investigate any matters under its terms of reference listed below, with full access to the Directors, the Management, employees, internal auditors and the external auditor.

The terms of reference for the AC & RMC are as follows:

- Review the audit plan, internal accounting controls, audit report, management letter and the Management's response to the external auditor;
- Review the half-yearly and annual financial statements, paying special attention to changes in accounting policies and practices, major risk areas, and rectifications arising from the audit, before submitting the financial reports to the Board for approval;
- Review the on-going concern statement, compliance with applicable accounting standards, and requirements by the SGX, statutes and laws;
- Review the effectiveness and adequacy of the Group's internal controls, including financial, operational, compliance and information technology, and the ERM framework;

CORPORATE GOVERNANCE

- Review the assurance from the CEO and the CFO on the financial records and financial statements;
- Review, together with the external auditor, any suspected frauds, irregularities and infringements of Singapore laws, regulations and the SGX-ST Listing Manual that would likely have a material impact on the Group's operating results or financial position, and the mitigating measures recommended by the Management;
- Review, without the presence of the Management, on the level of assistance the Management has provided to the external auditor, and the adequacy of the resolutions to issues arising from the audits;
- Review Interested Person Transactions ("**IPT**");
- Review the effectiveness of the whistle-blowing system as a confidential channel for employees to report potential improprieties in financial management and other areas;
- Review the ERM reports;
- Review the adequacy, effectiveness, independence, scope and results of the external and internal audits;
- Undertake additional reviews and projects as required by the Board, and to report the findings and recommendations to the Board in a timely manner; and
- Undertake additional functions and duties as required by the Singapore laws and the SGX-ST Listing Manual.

Audit Activities Performed in 2022
The AC & RMC met six times during the year and carried out its duties according to the terms of reference. It also met the internal auditors and the external auditor separately, without the Management present.

The AC & RMC reviewed the financial statements before they were submitted to the Board for approval. It also monitored and reviewed the financial status, internal and external audit findings, and the effectiveness of the accounting and internal control systems.

The Company obtained the shareholders' approval in the Addendum dated 8 April 2022 to enter into IPTs with individuals who fall within the approved categories of Interested Persons, provided such transactions were entered into according to the review procedures set out in the Addendum. The IPT Mandate was last approved by the shareholders at the 2022 AGM. The list of IPTs is disclosed on page 158 of this Annual Report.

The AC & RMC did not engage an independent financial adviser for the renewal of the IPT Mandate as the guidelines, methods and review procedures to determine the transaction prices of IPTs had remained unchanged since the last shareholders' approval of the IPT Mandate at the 2022 AGM, and the review procedures were deemed sufficient to ensure the IPTs were carried out on fair commercial terms and without prejudice to the interest of the Company or minority shareholders. The AC & RMC also reviewed the list of IPTs based on the works performed by the IAD and was satisfied the IPTs were carried out on fair commercial terms. Additionally, the AC members visited the oil palm plantation and mill in North Sumatra during the year.

External Audit
The Board will recommend the appointment of a new external auditor or the re-appointment of the incumbent external auditor to the shareholders for approval at the AGM. In the case of the re-appointment of the incumbent external auditor, the AC & RMC will assess the performance of the external auditor based on a combination of inputs, including ACRA's Audit Quality Indicators Disclosure Framework, feedback from the Management, and the objectivity and conduct of the external auditor during the audit process. If the performance of the external auditor is found to be satisfactory, the AC & RMC will recommend to the Board for the external auditor to be re-appointed.

Ernst & Young LLP was the external auditor appointed by the Company in 2022. In accordance with Rule 1207(6)(a) of the SGX-ST Listing Manual, the audit and non-audit fees paid to the external auditor for the financial year ended 31 December 2022 are disclosed on page 96 of this Annual Report.

The AC & RMC evaluated the independence and objectivity of the external auditor through a review of the audit and non-audit fees awarded to the auditors during the financial year. The AC & RMC was satisfied that the independence and objectivity of the external auditor were not impaired by their provision of non-audit services. The external auditor has also declared its independence to the AC & RMC.

The AC & RMC has also reviewed and approved the Group external auditor's audit plan for the year. The Committee was satisfied with the quality of the work carried out by the external auditor, which was in accordance with the Audit Quality Indicators Disclosure Framework issued by the ACRA. In view of the consistent performance by the external auditor, the AC & RMC recommended for Ernst & Young LLP to be re-appointed for another term, subject to the shareholders' approval at the next AGM.

The Company complied with Rule 712 and Rule 715 (read along with Rule 716) of the SGX Listing Manual in relation to its external auditors. These external auditors are disclosed on pages 120, 123 and 125 of this Annual Report.

CORPORATE GOVERNANCE

Internal Audit
The IAD is an independent unit that operates separately from the business and corporate activities and its primary reporting line is to the AC & RMC. With unfettered access to all the Company's documents, records, properties and personnel, the IAD possesses the appropriate standing within the Company to perform its functions effectively. Its operations are governed by the framework set out in the Internal Audit Charter and Code of Ethics approved by the AC & RMC and the Management. The IAD is adequately resourced, with 55 staff as at 31 December 2022.

The Head of IAD reports directly to the AC Chairman on all internal audit matters. Mr Rogers H. Wirawan has served as the Group's Head of IAD since 1 February 2011. Mr Wirawan started his career in 1993 with the public accounting firm, Hans Tuanakotta & Mustofa, a member of Deloitte Touche Tohmatsu. He was an auditor with the public accounting firm, Prasetio Utomo & Co., a member of Arthur Andersen & Co., from 1994 to 2002. Subsequently, he joined the public accounting firm, Purwantono, Sarwoko & Sandjaja, a member of Ernst & Young's global organisation, until 2011. He graduated from Trisakti University, Jakarta, with a major in Accounting. Over the course of his career, Mr Wirawan has acquired sound expertise and experience in financial and operational audits, as well as extensive knowledge in plantation and refinery operations in Indonesia.

The IAD is responsible for the internal audits of the Company's operations in accordance with the guidelines and standards set out in the Professional Practice of Internal Auditing by the Institute of Internal Auditors. It prepares the internal audit schedules in consultation with the Management before submitting the audit plan to the AC & RMC for approval. As part of the audit plan, the IAD also performs independent reviews of the risk control measures identified by the ERM team to provide added assurance on the robustness of the ERM framework. The duties and responsibilities of the IAD in the area of risk management and internal controls are as follows:

- Review the risk profile of the Company;
- Identify new risks and exposures in the Company's operations;
- Evaluate the effectiveness and cost of the risk control measures in eliminating or mitigating risks and exposures to the Company; and
- Establish and maintain the risk reporting and monitoring framework.

In 2022, the IAD adopted a risk-based auditing approach that focused on material internal controls to identify and audit the high-risk areas of the strategic business units. The mitigation measures were subsequently proposed by the Management in consultation with the IAD. The findings and recommendations of the IAD, as well as the quarterly updates on the progress of the rectification measures, were presented to the AC & RMC. The AC & RMC was satisfied that the IAD had adequately monitored and managed the key risks and internal controls for the Company.

In 2022, the AC & RMC also reviewed the adequacy of the internal audit function, including the IAD's organisational structure, work scope and audit plans, and was satisfied that Mr Wirawan and the IAD have discharged their respective duties effectively.

Additionally, the AC & RMC conducted an annual self-assessment to reflect its adequacy in fulfilling its duties as set out in the terms of reference. The Board conducted a separate review of the performance of the AC & RMC and was satisfied that the AC & RMC was well-qualified to discharge its duties and responsibilities in managing the risks and internal controls of the Company.

Whistle-Blowing Policy
The Company has established a whistle-blowing policy and system that provides clearly defined channels and procedures for employees, or other interested parties in the Company, to report any misconduct, including suspected frauds, corruption and unethical practices relating to the Company or its officers.

The reports will be reviewed and acted upon by either the AC & RMC or the Exco and kept strictly confidential to protect the identities of the whistle-blowers. Complaints and feedback can be sent via a dedicated email at info.wb@simp.co.id. All correspondences are documented, followed up and treated with strict confidentiality by the IAD.

All whistle-blowing complaints are independently investigated by the IAD and the result of each investigation is reported to the AC & RMC quarterly. In 2022, the Group followed up on 17 (out of 22) reports received, with the five remaining reports still under investigation. The AC & RMC is responsible for the oversight and monitoring of the whistle-blowing channels and processes and ensuring that appropriate follow-up actions are carried out.

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Enterprise Risk Management

As an agribusiness, the Company operates in a VUCA (volatile, uncertain, complex and ambiguous) environment. Its performance is constantly influenced by external variables, such as unpredictable weather conditions, volatile commodity prices, fluctuating exchange rates, shifting consumer needs, economic uncertainties, security threats, international competition, disruptive technologies and market dynamics. Although the COVID-19 pandemic situation has improved, 2022 continued to be an extremely challenging year due to Russia's invasion of Ukraine which affected businesses and supply chains worldwide. We took steps to stay agile and deliver the best possible outcomes for our stakeholders as we faced the challenges brought about by the pandemic and the situation in Russia and Ukraine.

To mitigate the vagaries of the external environment, the Company has established an integrated ERM framework to proactively manage risks and uncertainties across its operations through a system of "lines of defence". The ERM framework enables the Company to stay vigilant and actively monitor its operations for the timely and accurate identification, assessment, mitigation, and reporting of risks and exposures that could have adverse impacts on business operations and results. In so doing, the ERM framework enhances the competitiveness and sustainability of the Company's operations.

At the start of each financial year, the Board and Management set out both the long-term and annual business strategies to address industry issues and market cycles. The corresponding risks and exposures are identified, along with mitigation measures across the value chain. These are documented in the ERM Report that is managed at different levels by the Board, the Management, the AC and various ERM Steering Committees. The process is also audited to ensure compliance and transparency.

The Company has put in place a Business Continuity Management ("**BCM**") framework to assure all stakeholders of the availability of products and services during periods of emergency. The BCM focuses on minimising the impacts of emergencies on the operations and establishing a high level of resilience within the organisation to carry on business as usual during times of distress.

Under the BCM, several potential emergency scenarios have been identified, with the appropriate control measures put in place to mitigate and minimise foreseeable operational impacts. In the plantation fire scenario, for instance, the control measures include the daily monitoring of hotspots based on satellite data, observations of fire incidents by the Company's fire patrol teams, regular fire prevention training, fire drills in high-risk estates, proper upkeep of fire-fighting equipment, construction of fire-monitoring towers, mapping of water sources, and regular communication with key stakeholders on the Company's Zero Burn and Fire Safety policies. These efforts have led to a significant reduction in fire incidents over time.

A risk governance structure outlines the roles and responsibilities of the Directors, Management, Heads of Department and Operating Units in supporting the ERM policy and programmes and mitigating risks in business strategies and operations. Regular communications with the employees on the ERM framework have helped to raise awareness of risks and exposures and foster a resilient corporate culture.

The ERM framework and system are maintained by the ERM team, who works closely with the risk owners and the managers to conduct quarterly risk assessments on the overall effectiveness of risk control measures. The ERM team monitors the progress of the ERM Action Plan, which contains the risk mitigation measures, and reports significant risks and exposures to the AC & RMC and the Board for action.

In 2022, the following risks were identified, managed and monitored:

- Strategic Risks – Strategic Planning, Sustainable Palm Oil and Land Expansion
- Operational Risks – Pests and Plant Diseases, Pandemic Risk, Occupational Health and Safety, Resource Availability, Social Conflicts, Natural Disasters and Secured Communications
- Compliance Risks – Land Ownership, Tax Compliance and Environmental Compliance
- Financial Risks – Credit Defaults, Capital Liquidity and Economic Uncertainty

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: Shareholder Rights and Conduct of General Meetings
PRINCIPLE 12: Engagement with Shareholders
The Company is fully committed to treat all shareholders fairly and equitably. All shareholders enjoy specific rights under the Company's Constitution, relevant laws and regulations. Additionally, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet, and where appropriate, through mainstream news media via press releases. Such information is also posted on the Company's Investor Relations ("**IR**") website at http://www.indofoodagri.com/ir.html, and disseminated by email to subscribers who sign up on the website for news alerts. The IR website is a key source of investor-related information, including presentation slides on financial results, annual and sustainability reports, shares and dividend information and factsheets. The Company recognises that the release of timely, regular and relevant information regarding the Group's performance, progress and prospects aids shareholders in their investment decisions.

The Group regularly communicates important corporate developments and announcements, such as mergers and acquisitions, to analysts and shareholders through meetings and conference calls. The Management also engages the investing community either individually or as a group in dialogues, roadshows and investment forums to facilitate their understanding of the Company's business model and strategies.

The Group is committed to providing regular communication with its shareholders. In 2022, around 100 meetings and conference calls were made to engage the analysts and shareholders and to share the Group's business strategies, operational and financial results and business outlook with them. These engagements were attended by Board and Management representatives. No site visit for key analysts and major shareholders was conducted due to safety considerations and travel restrictions arising from the COVID-19 situation.

Dividend Policy
The Company is committed to rewarding shareholders fairly and sustainably. The Board aims to maintain a balance between meeting the shareholders' expectation for dividend returns and capital management. While it does not have a formal dividend policy, the frequency and amount of dividends, if any, will depend on the Group's financial performance, liquidity and cash flow generation, projected capital requirements for business growth, business prospects, economic outlook and other factors deemed appropriate by the Board, in ensuring that the Company's best interests are served.

For the financial year ended 31 December 2022, the Board has proposed a first and final dividend of 0.8 Singapore cents per ordinary share, subject to shareholders' approval at the forthcoming AGM.

Conduct of the Annual General Meetings
This section describes IndoAgri's usual practice for the conduct of AGM prior to the onset of the COVID-19 pandemic in early 2020.

The shareholders are encouraged to actively participate at the AGM. All the Directors, the Management and the external auditor are present at the AGM to address any shareholder queries. Notice of the AGM and related information is provided to the shareholders within the prescribed timeline under the listing rules. The Company provides separate resolutions for every item in the AGM agenda, and where necessary, additional explanatory notes for each agenda item.

All shareholders are entitled to vote at the AGM. Each shareholder may appoint up to two proxies to vote at the AGM by submitting a proxy form to the Company 72 hours before the commencement of the AGM. Intermediaries, such as banks and capital markets services license holders, providing custodial services may appoint more than two proxies to allow their indirect investors to attend the AGM. Voting in absentia by mail or other electronic means is currently not supported.

All resolutions at the AGM are passed by poll voting. An electronic poll voting system is used to register the number of votes by the shareholders present at the AGM. An external party is engaged as a scrutineer to ensure the integrity of the poll voting process. The result of each poll, including the number and percentage of votes cast in favour or against the resolution, is immediately computed and presented to the shareholders. The poll voting and proxy voting results are filed with SGX-ST on the same day as the AGM.

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The Company Secretary prepares the minutes of general meetings, which capture the substantial and relevant comments or queries (if any) from the meeting attendees relating to the agendas of the general meetings and responses from the Board and Management. These minutes are made available on the Company's IR website and SGXNet as soon as practicable after the general meetings.

Given the prevailing COVID-19 restrictions in Singapore, the AGMs held in June 2020, April 2021 and April 2022 were convened by electronic means according to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trust, Unit Trusts, and Debenture Holders) Order 2020. Alternative arrangements were put in place to allow shareholders and investors to attend the AGMs via electronic means.

During the AGMs, the CEO presented the Company's performance and strategies to the shareholders in a live webcast. All the Board members and Management attended the meeting either physically or virtually. The external auditor attended the AGMs online. The minutes of the AGMs were approved by the Board and subsequently published on the Company website.

The Company's forthcoming AGM will also be held by electronic means. Shareholders may participate in the meeting by:

(a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream);
(b) submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and addressing of substantial and relevant questions in advance of, or at, the AGM; and
(c) voting via electronic means at the AGM (i) by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) to vote on their behalf at the AGM; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM.

The Company endeavours to address substantial and relevant questions submitted prior to the forthcoming AGM. Details of the arrangements will be provided in the Notice of AGM, which will be posted on the Company website and SGXNet and disseminated electronically.

Dealings in The Company's Securities
In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has adopted an Internal Code with regards to dealings in the securities of the Company by its officers. Among other restrictions, the Company's officers are prohibited from dealing in the Company's securities on short-term considerations when they have possession of any unpublished, price-sensitive information about the Company's securities, during the two weeks before the announcement of the Group's half-year financial results or one month before the announcement of the Group's full-year financial results. The Group issues reminders to its Directors, officers and relevant employees on the restrictions in dealing in the listed securities of the Group during the period commencing either two weeks or one month before the announcement up to the date of the announcement. Apart from foregoing, the Directors and employees are reminded and expected to observe the insider trading laws at all times, even when dealing in securities outside the prohibited trading periods and to refrain from short-term dealings in the Company's securities.

MANAGING STAKEHOLDER RELATIONSHIP

PRINCIPLE 13: Engagement with Stakeholders
The Company's agribusiness operations are constantly exposed to rapidly changing opportunities and risks related to the environment, communities and stakeholders. These opportunities and risks are addressed through formal management processes, an open and responsible work culture, and partnerships with key stakeholders, which include local communities, customers, suppliers and civil society organisations. Steps are taken to improve operational efficiencies and innovations as part of the Company's pledge towards sustainable agriculture, community development and workplace safety.

CORPORATE GOVERNANCE

In line with the Board's commitment to maintaining high ethical standards, the Company has established the following corporate policies:

(1) Code of Conduct and Company Culture

The Company adopts Indofood's Code of Conduct and core values. The Code of Conduct includes two policies on Company Business Ethics and Work Ethics of Employees. The core values of Indofood are Discipline, Integrity, Respect, Unity, Excellence and Innovation. Sharing the same company culture as PT ISM allows the Company to engage with stakeholders and conduct its businesses in a manner that is consistent with its parent company.

The Code of Conduct and core values are regularly communicated and reinforced at staff engagement platforms. They are also easily accessible by all employees on the Company's website. Any violations of the Code of Conduct are deemed to be a breach of the employment contract and could lead to disciplinary actions or dismissal.

(2) Sustainable Agriculture Policy

The Sustainable Agriculture Policy applies to all IndoAgri's operating units, plasma smallholders and third-party CPO suppliers. It sets out how the Group achieves responsible and traceable supplies, taking into consideration the risks and opportunities arising from the ESG factors, as well as interactions with different stakeholder groups.

The key commitments under this policy are as follows:

- No Deforestation;
- No Planting on Peat, regardless of Depth;
- No Burning;
- Preservation of High Conservation Value and High Carbon Stock Areas;
- Upholding of Labour and Human Rights, including Freedom of Association and Non-Discrimination; and
- Upholding of Free, Prior and Informed Consent (FPIC).

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Indofood Agri Resources Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2022.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) 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 2022 and of the financial performance of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) 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.

Directors

The directors of the Company in office at the date of this statement are:

Lee Kwong Foo, Edward	Chairman
Lim Hock San	Vice Chairman
Mark Julian Wakeford	Chief Executive Officer
Moleonoto Tjang	
Suaimi Suriady	
Tjhie Tje Fie	
Axton Salim	
Goh Kian Chee	
Hendra Susanto	

In accordance with Regulation 111 of the Company's Constitution, Tjhie Tje Fie, Mark Julian Wakeford and Hendra Susanto retire and, being eligible, offer themselves for re-election.

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.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following director, 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 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of the year	At the end of the year	At the beginning of the year	At the end of the year
Ordinary shares of the Company				
Mark Julian Wakeford	300,000	300,000	200,000	200,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

DIRECTORS' STATEMENT

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.

OPTIONS

No option to take up unissued shares of the Company or its subsidiaries was granted during the year.

There were no shares issued during the year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the year.

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

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. The functions performed by the Audit Committee are described in the Report on Corporate Governance.

AUDITOR

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

On behalf of the Board of Directors,

Mark Julian Wakeford
Director

Moleonoto Tjang
Director

Singapore
22 March 2023

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Indofood Agri Resources Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2022, the consolidated statement of changes in equity, the consolidated statement of comprehensive income, and the consolidated cash flow statement 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 1967 (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 2022 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.

We have identified the following matters as key audit matters:

(i) Impairment assessment of goodwill

SFRS(I) 1-36 Impairment of Assets requires goodwill to be tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. At the beginning of the financial year, the carrying amount of the Group's goodwill amounted to Rp3,211.4 billion. During the financial year, the Group recognised an impairment loss of Rp126.8 billion to impair the goodwill allocated to five cash-generating units ("CGUs") as the recoverable amounts were lower than the carrying amount of the goodwill and net assets of the respective CGU. As at 31 December 2022, the carrying amount of the Group's goodwill amounted to Rp3,084.6 billion.

The goodwill impairment assessment is significant to our audit because the goodwill balance of Rp3,084.6 billion, which arose largely from the acquisition of PT Perusahaan Perkebunan London Sumatra Indonesia ("Lonsum"), is material to the financial statements and the recoverable amount of the goodwill and the underlying assets associated with the acquired entities is determined by a value-in-use calculation using income approach which is complex, highly judgemental and subjective. Management engaged an independent valuer to determine the recoverable amount of the goodwill, only for Lonsum's integrated plantation estates. The plantation estates under Lonsum are identified as a single cash-generating unit ("CGU") for impairment testing. The recoverable amount of other goodwill from other acquisitions were determined internally by management.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Key audit matters (cont'd)

(i) Impairment assessment of goodwill (cont'd)

Under the income approach, the expected future cash flows are discounted to the present value by using a discount rate. The estimation of future cash flows requires management to make various key operational assumptions, such as fresh fruit bunch ("FFB") yield rate, extraction rate, and predictive assumptions such as projected selling price, inflation rate, exchange rate and terminal growth rate.

We reviewed the independent valuation report and assessed the expertise, objectivity and competence of the independent valuer. We reviewed the discounted cash flow model to assess the appropriateness of the methodology employed by the valuer and management and the reasonableness of the key assumptions made. We compared the operational assumptions against historical data and trend to assess their reasonableness. We engaged the assistance of our internal valuation specialist to assess the reasonableness of the key predictive assumptions (among others, discount rate, inflation rate, exchange rate, projected crude palm oil selling price, and terminal growth rate) used. We also performed sensitivity analysis on the value-in-use amount based on reasonably possible changes in key assumptions.

We also reviewed the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The Group's disclosures about goodwill are in Note 16 to the financial statements, which explain that changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future.

(ii) Impairment assessment of property, plant and equipment

SFRS(I) 1-36 Impairment of Assets requires the Group to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The Group identified the existence of impairment indicators on certain rubber bearer plants included under property, plant and equipment upon consideration of the market environment, conditions of the rubber plantations, production yield and the outlook of these plantation estates and determined the recoverable amount based on fair value less costs of disposal ("FVLCD"), using discounted cash flow method.

During the financial year, the Group recorded an impairment loss of Rp157.4 billion to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts. For the remaining rubber bearer plants, management concluded that the recoverable amount was higher than their carrying amounts and hence no impairment loss was required. As at 31 December 2022, the carrying amount of Group's bearer plants included under property, plant and equipment amounted to Rp10,935.1 billion, net of impairment loss recognised during the financial year.

The impairment loss recorded is material to the financial statements and the recoverable amount of the rubber bearer plants is determined using discounted cash flow method, which is complex, highly judgemental and subjective. Accordingly, we identified this as a key audit matter.

The recoverable amount of the rubber bearer plants was determined internally by management. Under the income approach, the expected future cash flows are discounted to the present value by using a discount rate. The estimation of future cash flows requires management to make various key operational assumptions, such as projected production yield, and predictive assumptions such as selling rubber price, inflation rate, exchange rate and terminal growth rate.

We reviewed the discounted cash flow model to assess the appropriateness of the methodology adopted by management and the reasonableness of the key assumptions made. We engaged the assistance of our internal valuation specialist to assess the reasonableness of the key predictive assumptions (among others, discount rate, inflation rate, exchange rate, projected rubber selling price and terminal growth rate) used and determined the recoverable amount of the rubber bearer plants with impairment indicators.

We also reviewed the adequacy of the Group's disclosures in Note 14 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Key audit matters (cont'd)

(iii) Recoverability of plasma receivables

Certain subsidiaries within the Group have commitments with several rural cooperatives representing plasma farmers to develop plasma plantations as required by the Indonesian Government. As at 31 December 2022, the carrying amount of the Group's plasma receivables amounted to Rp946.4 billion, net of allowance for expected credit loss ("ECL") and original effective interest ("EIR") amortisation recognised during the financial year.

Plasma receivables are classified as financial assets at amortised cost under SFRS(I) 9. The Group estimates allowance for ECL using general approach as these receivables contain significant financing component. The estimation of ECL is significant to our audit because of the complexity of the estimation process which depends on management's forecast of the future cash flows from the plasma plantations and discounted at an approximation of original EIR. The estimation of future cash flows requires the use of a number of significant operational assumptions such as fresh fruit bunch ("FFB") yield rate, extraction rate, production costs, and predictive assumptions such as projected selling price and inflation rate.

We reviewed the discounted cash flow model to assess the appropriateness of the methodology employed by management and the reasonableness of the key assumptions made. We compared the operational assumptions against historical data and trend to assess their reasonableness. For the predictive assumptions, we checked and benchmarked against the assumptions that have been reviewed by our internal valuation specialist in the key audit matters (i) Impairment assessment of goodwill and (ii) Impairment assessment of property, plant and equipment above.

We also reviewed the adequacy of the note disclosures on plasma receivables. The Group's disclosures on plasma receivables are in Note 32(a) to the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
22 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rp million	2021 (Restated) Rp million
Revenue	4	17,797,065	19,658,529
Cost of sales	5	(13,238,358)	(14,585,970)
Gross profit		4,558,707	5,072,559
Selling and distribution expenses		(492,762)	(852,936)
General and administrative expenses		(770,446)	(765,786)
Foreign exchange gain/(loss)		66,615	(2,312)
Other operating income	6	197,695	133,321
Other operating expenses	7	(732,072)	(914,446)
Share of results of associate companies		(41,281)	(60,997)
Share of results of joint ventures		51,930	104,357
(Loss)/gain arising from changes in fair value of biological assets	13	(136,112)	112,690
Profit from operations	8	2,702,274	2,826,450
Finance income	9	95,546	70,099
Finance expenses	10	(579,912)	(630,221)
Profit before tax		2,217,908	2,266,328
Income tax expenses	11	(900,151)	(979,793)
Net profit for the year		1,317,757	1,286,535
Profit for the year attributable to:			
Owners of the Company		769,977	759,127
Non-controlling interests		547,780	527,408
		1,317,757	1,286,535
Other comprehensive income ("OCI"):			
Items that may be reclassified to profit or loss in subsequent periods			
Foreign currency translation		125,515	(21,111)
Items that will not be reclassified to profit or loss in subsequent periods			
Change in fair value of available-for-sale financial asset		–	(17,265)
Re-measurement gain of employee benefits liabilities	29	189,631	94,403
Income tax effect related to re-measurement gain of employee benefits liabilities	11	(41,720)	(22,014)
Share of OCI of an associate company and joint ventures		436,703	(332,298)
Other comprehensive income for the year, net of tax		710,129	(298,285)
Total comprehensive income for the year		2,027,886	988,250
Total comprehensive income attributable to:			
Owners of the Company		1,417,041	431,092
Non-controlling interests		610,845	557,158
Total comprehensive income for the year		2,027,886	988,250
Earnings per share (in Rupiah)	12		
- basic		552	544
- diluted		552	544

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

BALANCE SHEETS
AS AT 31 DECEMBER 2022

		Group			Company	
	Note	**31.12.2022**	**31.12.2021 (Restated)**	**1.1.2021 (Restated)**	**31.12.2022**	**31.12.2021**
		Rp million	Rp million	Rp million	Rp million	Rp million
Non-current assets						
Biological assets	13	322,743	328,344	313,453	–	–
Property, plant and equipment	14	18,135,698	18,527,203	19,374,353	21,848	25,493
Right-of-use assets	15	2,058,633	1,959,874	1,967,628	–	–
Goodwill	16	3,084,624	3,211,427	3,211,427	–	–
Claims for tax refund	17	40,847	67,164	105,716	–	–
Deferred tax assets	18	276,080	383,308	554,896	–	–
Investment in subsidiary companies	19	–	–	–	10,707,410	10,706,846
Investment in associate companies	20	1,487,071	1,468,094	1,538,001	439,254	439,254
Investment in joint ventures	21	946,170	375,363	664,037	–	–
Amount due from a subsidiary	22	–	–	–	759,000	860,000
Advances and prepayments	22	393,470	421,767	333,716	–	–
Other non-current receivables	22	968,253	1,343,955	1,602,580	11	10
Total non-current assets		27,713,589	28,086,499	29,665,807	11,927,523	12,031,603
Current assets						
Inventories	23	3,268,036	2,655,342	2,671,909	–	–
Trade and other receivables	24	1,323,662	1,563,752	1,300,032	19,300	43,074
Advances and prepayments	24	490,321	460,274	340,544	306	151
Prepaid taxes		240,588	191,507	230,281	–	–
Biological assets	13	769,634	873,393	777,388	–	–
Asset held for sale	14	37,805	41,795	41,795	–	–
Cash and cash equivalents	25	4,422,371	3,763,644	2,446,494	94,621	36,394
Total current assets		10,552,417	9,549,707	7,808,443	114,227	79,619
Total assets		38,266,006	37,636,206	37,474,250	12,041,750	12,111,222
Current liabilities						
Trade and other payables and accruals	26	2,418,587	1,956,862	2,013,850	121,781	108,169
Advances and other payables	26	321,270	424,972	341,192	–	–
Lease liabilities	15	46,772	32,052	43,918	–	–
Interest-bearing loans and borrowings	27	6,912,271	7,246,412	6,583,123	218,032	641,392
Income tax payable		184,189	310,103	222,187	51	2
Total current liabilities		9,883,089	9,970,401	9,204,270	339,864	749,563
Net current assets/(liabilities)		669,328	(420,694)	(1,395,827)	(225,637)	(669,944)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2022

		Group			Company	
	Note	**31.12.2022**	**31.12.2021 (Restated)**	**1.1.2021 (Restated)**	**31.12.2022**	**31.12.2021**
		Rp million	Rp million	Rp million	Rp million	Rp million
Non-current liabilities						
Interest-bearing loans and borrowings	27	2,232,058	3,087,699	4,772,696	394,534	–
Amounts due to related parties and other payables	28	603,594	618,913	516,143	–	–
Provisions	28	37,058	39,037	39,219	–	–
Lease liabilities	15	123,039	11,200	20,125	–	–
Employee benefits liabilities	29	1,529,961	1,807,999	1,826,256	–	–
Deferred tax liabilities	18	705,515	665,021	580,420	29,645	25,207
Total non-current liabilities		5,231,225	6,229,869	7,754,859	424,179	25,207
Total liabilities		15,114,314	16,200,270	16,959,129	764,043	774,770
Net assets		23,151,692	21,435,936	20,515,121	11,277,707	11,336,452
Equity attributable to owners of the Company						
Share capital	30	3,584,279	3,584,279	3,584,279	10,912,411	10,912,411
Treasury shares	30	(390,166)	(390,166)	(390,166)	(390,166)	(390,166)
Revenue reserves	31	9,220,230	8,568,068	7,808,941	611,310	670,055
Other reserves	31	485,508	(161,556)	349,960	144,152	144,152
		12,899,851	11,600,625	11,353,014	11,277,707	11,336,452
Non-controlling interests		10,251,841	9,835,311	9,162,107	–	–
Total equity		23,151,692	21,435,936	20,515,121	11,277,707	11,336,452

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company						
	Share capital Rp million	**Treasury shares** Rp million	**Revenue reserves** Rp million	**Other reserves** Rp million	**Total** Rp million	**Non-controlling interests** Rp million	**Total equity** Rp million
At 1 January 2022 (As previously reported)	3,584,279	(390,166)	8,523,010	(154,807)	11,562,316	9,807,698	21,370,014
Impact on application of IFRIC Agenda Decision on SFRS(I) 1-19 (Note 2.2)	–	–	45,058	(6,749)	38,309	27,613	65,922
At 1 January 2022 (As restated)	3,584,279	(390,166)	8,568,068	(161,556)	11,600,625	9,835,311	21,435,936
Net profit for the year	–	–	769,977	–	769,977	547,780	1,317,757
Other comprehensive income	–	–	–	647,064	647,064	63,065	710,129
Total comprehensive income for the year	–	–	769,977	647,064	1,417,041	610,845	2,027,886
Contributions by and distribution to owners:							
Dividend payment to Company's shareholders	–	–	(117,815)	–	(117,815)	(194,315)	(312,130)
Total transactions with owners in their capacity as owners	–	–	(117,815)	–	(117,815)	(194,315)	(312,130)
Balance at 31 December 2022	3,584,279	(390,166)	9,220,230	485,508	12,899,851	10,251,841	23,151,692

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company						
	Share capital	**Treasury shares**	**Revenue reserves**	**Other reserves**	**Total**	**Non-controlling interests**	**Total equity**
	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million
At 1 January 2021 (As previously reported)	3,584,279	(390,166)	7,768,281	349,960	11,312,354	9,134,574	20,446,928
Impact on application of IFRIC Agenda Decision on SFRS(I) 1-19 (Note 2.2)	–	–	40,660	–	40,660	27,533	68,193
At 1 January 2021 (As restated)	3,584,279	(390,166)	7,808,941	349,960	11,353,014	9,162,107	20,515,121
Net profit for the year	–	–	759,127	–	759,127	527,408	1,286,535
Other comprehensive income	–	–	–	(328,035)	(328,035)	29,750	(298,285)
Total comprehensive income for the year	–	–	759,127	(328,035)	431,092	557,158	988,250
Increase of share capital in a subsidiary	–	–	–	(183,481)	(183,481)	183,481	–
<u>Contributions by and distribution to owners:</u>							
Dividend payments by subsidiary companies	–	–	–	–	–	(67,435)	(67,435)
Total transactions with owners in their capacity as owners	–	–	–	–	–	(67,435)	(67,435)
			–		–		
Balance at 31 December 2021 (As restated)	3,584,279	(390,166)	8,568,068	(161,556)	11,600,625	9,835,311	21,435,936

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rp million	2021 (Restated) Rp million
Cash flows from operating activities			
Profit before taxation		2,217,908	2,266,328
Adjustments for:			
Depreciation and amortisation	8	1,473,746	1,435,916
Realisation of deferred costs		192,819	209,609
Unrealised foreign exchange loss		(59,332)	135
Allowance/(write-back) for doubtful debt	24	27	(2)
Loss/(gain) arising from changes in fair value of biological assets	13	136,112	(112,690)
Gain on disposal of right-of-use assets	6	–	(8,297)
Net gain arising from write-off of right-of-use assets and lease liabilities	6	(27)	–
Gain on disposal of property, plant and equipment	6	(1,632)	(5,140)
Gain on disposal of assets held for sale		(31,776)	–
Write-off of property, plant and equipment	7	16,165	179,654
Changes in allowance for decline in market value and obsolescence of inventories	5,23	78,323	13,194
Changes in provision for asset dismantling costs	6,28	(1,979)	(182)
Changes in estimated liability for employee benefits	29	55,096	225,377
Allowance for uncollectible and loss arising from changes in amortised cost of plasma receivables	7,32(a)	369,384	352,527
Gain/(loss) arising from changes in amortised cost of long-term receivables		110	(39)
Share of results of associate companies		41,281	60,997
Share of results of joint ventures		(51,930)	(104,357)
Impairment loss of property, plant and equipment	14	157,425	313,452
Impairment loss of goodwill	16	126,803	–
Finance income	9	(95,546)	(70,099)
Finance expenses	10	579,912	630,221
Operating cash flows before changes in working capital		5,202,889	5,386,604
Changes in working capital:			
Decrease/(increase) in other non-current receivables		98,300	(21,698)
(Increase)/decrease in inventories		(691,017)	3,373
Decrease/(increase) in trade and other receivables		238,637	(265,784)
Increase in advances to suppliers		(30,047)	(119,730)
(Increase)/decrease in prepaid taxes, advances and prepayments		(154,137)	97,281
Increase/(decrease) in trade and other payables and accruals		301,320	(159,625)
Cash flows from operations		4,965,945	4,920,421
Interest received		93,039	69,241
Interest paid		(535,455)	(609,229)
Income tax paid		(930,161)	(652,883)
Net cash flows from operating activities		3,593,368	3,727,550

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rp million	2021 (Restated) Rp million
Cash flows from investing activities			
Additions to property, plant and equipment		(1,239,002)	(1,016,528)
Additions to right-of-use assets	15	(1,170)	(32,338)
Additions to biological assets		(198,863)	(190,075)
Decrease/(increase) in plasma receivables	32(a)	13,294	(107,928)
Proceeds from disposal of property, plant and equipment		30,333	16,861
Proceeds from disposal of right-of-use assets		–	9,000
Advances for projects and purchases of fixed assets		(13,175)	(55,387)
Dividend received from a joint venture		127,703	58,778
Additional investment in a joint venture	21	(83,447)	(9,796)
Additional investment in associate companies		(62,794)	–
Net cash flows used in investing activities		(1,427,121)	(1,327,413)
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings		6,149,714	901,800
Repayment of interest-bearing loans and borrowings		(7,408,151)	(1,942,369)
Proceeds from amount due to related parties		–	64,470
Dividend payments by subsidiaries to non-controlling interests		(194,315)	(67,435)
Dividend payment to Company's shareholders		(117,815)	–
Payment of lease liabilities	15	(57,002)	(48,775)
Net cash flows used in financing activities		(1,627,569)	(1,092,309)
Net increase in cash and cash equivalents		538,678	1,307,828
Effect of changes in exchange rates on cash and cash equivalents		120,049	9,322
Cash and cash equivalents at the beginning of the financial year		3,763,644	2,446,494
Cash and cash equivalents at the end of the financial year	25	4,422,371	3,763,644

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 2022

1. CORPORATE INFORMATION

Indofood Agri Resources Ltd. (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office and principal place of business of the Company is located at 8 Eu Tong Sen Street, #16-96/97 The Central, Singapore 059818.

The Group is a vertically-integrated agribusiness group, with its principal activities comprising research and development, oil palm seed breeding, cultivation of oil palm plantations, production and refining of crude palm oil ("CPO"), cultivation of rubber, sugar cane, cocoa, tea, and industrial timber plantations, and marketing and selling these end products.

These activities are carried out through the Company's subsidiaries, associates and joint ventures. The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 19 to 21 of the financial statements.

PT Indofood Sukses Makmur Tbk ("PT ISM"), incorporated in Indonesia, and First Pacific Company Limited ("First Pacific"), incorporated in Hong Kong, are the penultimate and ultimate parent companies of the Company, respectively. The immediate holding company is Indofood Singapore Holdings Pte Ltd, incorporated in Singapore.

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)").

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 ("Rp") and all values are rounded to the nearest million ("Rp million") except when otherwise indicated.

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of the Company amounting to Rp225.6 billion (2021: Rp669.9 billion). The Directors are of the view that the Company has the ability to refinance the maturing debts, together with the undrawn committed banking facilities, the Company will be able to meet its financial obligations as and when they fall due.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial years beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance of the Group or the financial position of the Group and the Company except those described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and disclosures (cont'd)

Application of IFRIC Agenda Decision on IAS 19 Employee Benefits (equivalent to SFRS(I) 1-19)

In April 2022, the Institute of Indonesia Chartered Accountants' Accounting Standard Board ("DSAK IAI") issued an explanatory material through a press release regarding the attribution of benefits to periods of service in accordance with PSAK 24 Employee Benefits which was adopted from IAS 19 Employee Benefits (equivalent to SFRS(I) 1-19 Employee Benefits).

The press release states that the pattern of the pension program based on the Labor Law currently enacted in Indonesia is similar to those responded and concluded in the IFRS Interpretation Committee ("IFRIC") Agenda Decision on IAS 19 Employee Benefits.

In prior years, the Group attributed benefits under the defined benefit plan's benefit formula to periods of service from the date when employees provide their services until their retirement age. Based on the press release, the Group changed the policy for attributing benefits under the plan to the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan.

In 2022, the Group has adopted the said explanatory material and accordingly changed its accounting policy regarding attribution of benefits to periods of service previously applied. The application of IFRIC Agenda Decision on IAS 19 (equivalent to SFRS(I) 1-19) is a change in accounting policy, where under SFRS(I) 1-8, the impact arising from the change in accounting policy needs to be accounted for retrospectively. As such, the comparative figures of the Group financial statements for the year ended 31 December 2022 have been restated accordingly.

The impact of retrospective adjustments to the Group's financial statements lines are summarized below. There is no impact on the Group's operating, investing and financing cash flows.

Consolidated statement of comprehensive income (extract)	**As previously reported 2021** Rp million	**Restatement amount** Rp million	**As restated 2021** Rp million
General and administrative expenses	(773,425)	7,639	(765,786)
Income tax expenses	(978,802)	(991)	(979,793)
Net profit for the year	1,279,887	6,648	1,286,535
<u>Other comprehensive income ("OCI"):</u>			
Re-measurement gain of employee benefits liabilities	104,953	(10,550)	94,403
Income tax effect related to re-measurement gain on employee benefits liabilities	(23,645)	1,631	(22,014)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and disclosures (cont'd)

Application of IFRIC Agenda Decision on IAS 19 Employee Benefits (equivalent to SFRS(I) 1-19) (cont'd)

Group Balance Sheet (extract)	As previously reported Rp million	Restatement amount Rp million	As restated Rp million
As at 31 December 2021			
Non-current assets			
Deferred tax assets	398,509	(15,201)	383,308
Non-current liabilities			
Employee benefits liabilities	1,892,515	(84,516)	1,807,999
Deferred tax liabilities	661,628	3,393	665,021
Equity			
Revenue reserves	8,523,010	45,058	8,568,068
Other reserves	(154,807)	(6,749)	(161,556)
Non-controlling interests	9,807,698	27,613	9,835,311
As at 31 December 2020			
Non-current assets			
Deferred tax assets	570,877	(15,981)	554,896
Non-current liabilities			
Employee benefits liabilities	1,913,683	(87,427)	1,826,256
Deferred tax liabilities	577,167	3,253	580,420
Equity			
Revenue reserves	7,768,281	40,660	7,808,941
Non-controlling interests	9,134,574	27,533	9,162,107

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

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

Description	Effective for the financial year beginning on or after
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to SFRS(I) 1-12 Income Taxes	1 January 2023
Amendments to SFRS(I) 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 period of initial application.

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls are lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations

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.

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 deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

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 2.10(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 Combination of Entities Under Common Control

As the transaction of business combination involving entities under common control does not result in a change of the economic substance of the ownership of businesses which are exchanged, the said transaction is recognised at its carrying amount using the pooling-of-interest method.

In applying the pooling-of-interest method, the components of the financial statements of the combining entity, for the year during which the business combination of entities under common control occurred and for the comparative year, are presented in such a manner as if the combination has occurred since the beginning of the year of the combining entity are under common control. Difference in value of considerations transferred in a business combination of entities under common control or considerations received when disposal of business of entities under common control, if any, with its carrying amount is recognised as part of equity in the consolidated balance sheet.

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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

The Group's consolidated financial statements are presented in Rp, which is also the Company's functional currency. 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.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Rp 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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Property, plant and equipment

(a) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce; they are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group's bearer plants comprise mainly oil palm, rubber and sugar cane plantations. The Group elected to account for its bearer plants using the cost model under SFRS(I) 1-16. Immature bearer plants are accounted for at accumulated cost, which consist mainly the cost of land clearing, planting, fertilizing, up-keeping and maintaining the plantations, and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest. Costs also include capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature plantations. Immature plantations are not amortised.

Immature plantations are reclassified to mature plantations when they are commercially productive and available for harvest. In general, an oil palm plantation takes about 3 to 4 years to reach maturity from the time of planting the seedlings, while a rubber plantation takes about 5 to 6 years to reach maturity. A sugar cane plantation takes about a year to reach maturity, and can be harvested for an average of 3 more times after the initial harvest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

(a) Bearer plants (cont'd)

Mature plantations are stated at cost, and are amortised using the straight-line method over their estimated useful lives of the primary bearer plants as follows:

• Oil palm	25 years
• Rubber	25 years
• Sugar cane	4 years

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

The carrying amount of an item of bearer plants is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is directly included in the profit or loss when the item is derecognised.

The assets useful lives and depreciation method are reviewed at each year end and adjusted prospectively if necessary.

Upkeep and maintenance costs are recognised in profit or loss when they are incurred. The cost of major renovation and restoration is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the related asset.

(b) Other property, plant and equipment

All other property, plant and equipment are initially recognised at cost, which comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and to the location where it is intended to be used. Such cost also includes initial estimation at present value of the costs of dismantling and removing items of property, plant and equipment in certain CPO refinery and fractionation plants and margarine plants of the Group located in rented sites, costs of restoring the said rented sites, as well as costs of replacing part of such property, plant and equipment when that cost is incurred, if the recognition criteria are met.

Subsequent to initial recognition, property, plant and equipment are carried at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings and improvements	10 to 25 years
• Plant and machinery	4 to 20 years
• Heavy equipment, transportation equipment and vessel	5 to 30 years
• Furniture, fixtures and office equipment	4 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

(b) Other property, plant and equipment (cont'd)

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 on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Repairs and maintenance costs are taken to the profit or loss when they are incurred. The cost of major renovation and restoration is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the related asset.

2.8 Biological assets

The Group's biological assets comprise timber plantations and agricultural produce of the bearer plants, which primarily comprise of fresh fruit bunches, oil palm seeds, latex and sugar cane.

The Group recognised the fair value of biological assets in accordance with SFRS(I) 1-41. Biological assets are stated at fair value less costs to sell. Gains or losses arising on initial recognition of biological assets and from the change in fair value of biological assets at each reporting date are recognised in the profit or loss for the period in which they arise.

The Group adopted the income approach to measure the fair value of the biological assets. For the valuation of unharvested produce of oil palm and rubber trees, the Group has applied the estimated harvest data subsequent to year end to derive the fair value of unharvested produce of oil palm and rubber trees at year end. For the valuation of unharvested produce of mother palm trees and sugar cane, the Group has applied discounted cash flow models to derive its fair value.

For timber plantations, the Group appoints an independent valuer to determine the fair value of timber at year end and any resultant gains or losses arising from the changes in fair value is recognised in the profit or loss. The independent valuer adopts the income approach for the fair valuation of timber using a discounted cash flow model. The cash flow models estimate 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. Please refer to Note 13 for more information.

2.9 Plasma receivables

Certain subsidiaries within the Group (collectively referred to as the "Nucleus Companies"), have commitments with several rural cooperatives ("KUD" or Koperasi Unit Desa) representing plasma farmers to develop plantations as required by the Indonesian government. The Nucleus Companies are to provide guidance and sharing of knowledge in developing the oil palm plasma plantations up to the productive stage.

The financing of these plasma plantations are mainly provided by the banks. In the situation where the plasma farmers' plantations have yet to generate positive cashflows to meet its repayment obligations to the banks, the Nucleus Companies provide temporary loans to help the plasma farmers to develop the plantation and to repay the principal and interest. Several Nucleus Companies provide corporate guarantees to the related credit facilities provided by the banks.

The plasma receivables presented in the consolidated balance sheet consist of accumulated development costs incurred and the funding provided by the Nucleus Companies to the KUD or plasma farmers less the funds received from banks on behalf of the KUD or plasma farmers and accumulated impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Plasma receivables (cont'd)

Plasma receivables also include advances to plasma farmers for topping up the loan interest and instalment payments to banks, and advances for fertilizers and other agriculture supplies. These advances shall be reimbursed by the plasma farmers.

Plasma receivables are classified as financial assets held at amortised cost under SFRS(I) 9. The accounting policy for financial instruments is set out in Note 2.15.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any 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 CGUs 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 CGUs to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

(b) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the development costs as an intangible asset, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight-line basis.

(c) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried 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 to be either finite or indefinite.

Intangible assets with finite 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets (cont'd)

(c) Other intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such intangible assets are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 the profit or loss when the asset is derecognised.

2.11 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 such indication exists, or when 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 CGU's fair value less costs of disposal ("FVLCD") 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 group of assets. Where the carrying amount of an asset or CGU 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 FVLCD, a recent market transaction or an appropriate valuation model is used such as discounted cash flow method.

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

Impairment losses 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 annual reporting period as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss for an asset other than goodwill 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 increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has the 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 separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) Joint operations

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group recognises its interest in joint ventures as investments and account for the investments using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.14.

2.14 Joint ventures and 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 accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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 or joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Joint ventures and associates (cont'd)

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

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

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 or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.15 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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 and loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost includes mainly trade receivables, other receivables and plasma receivables.

(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 ("OCI"), 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 OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss ("FVPL")

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 FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Group elected to measure its available-for-sale unquoted equity at fair value in OCI. Any subsequent changes in fair value of the available-for-sale will be recognised to other comprehensive income without recycling to profit or loss. Equity instruments measured at FVOCI are not subject to impairment assessment.

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.

(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 FVPL, directly attributable transaction costs.

The Group designates its financial liabilities as loans and borrowings, such as trade and other payables, accrued expense, short-term employee benefits liability, bank loans and due to related parties.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at FVPL and financial guarantee contracts. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale or collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment of financial assets (cont'd)

For trade and other receivables which do not contain significant financing component, the Group applies a simplified approach in calculating ECL. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset is doubtful when contractual payments are 90 days past due, but exception shall apply to financial assets that relate to entities under common controls or covered by letter of credit or credit insurance. However, in certain cases, the Group may also consider a financial asset to be doubtful 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.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, and short-term deposits with an original maturity of 3 months or less at the time of placements and are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Cash and cash equivalents carried in the consolidated balance sheet are classified and accounted for as financial assets held at amortised cost under SFRS(I) 9. The accounting policy for this category of financial assets is stated in Note 2.15.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials, spare parts and factory supplies	–	purchase cost; and
Finished goods and work in progress	–	cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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 resources embodying economic benefits 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.

2.20 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 ECL determined in accordance with the policy set out in Note 2.16 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.21 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.

2.22 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. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Certain subsidiaries in the Group have defined contribution retirement plans covering all of its qualified permanent employees. The Group's contributions to the funds are computed at 10.0% and 7.0% of the basic pensionable income for staff and non-staff employees, respectively. The related liability arising from the difference between the cumulative funding since the establishment of the program and the cumulative pension costs charged to the profit or loss during the same period is recognised as employee benefits liabilities in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (cont'd)

(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 applicable Indonesian Labour Law. The said additional provisions, which are unfunded, are estimated by actuarial calculations using the projected unit credit method.

The estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligations at the end of the reporting period.

Defined benefit costs comprise the following:

– Service cost
– Net interest on the net defined benefit liability; and
– Re-measurements of the net defined benefit liability

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 the plan amendment or curtailment occurs, or when the Group recognises the related restructuring costs, whichever is the earlier.

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

Re-measurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Re-measurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Following initial recognition, right-of-use assets are subsequently measured at amortised cost and depreciated over the term of the lease using the straight-line method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (cont'd)

(a) Right-of-use assets (cont'd)

Land use rights

The Group's titles of ownership on its land rights, including the plantation land, are in the form of:

	Lease term (years)
• Right to Build ("Hak Guna Bangunan" or "HGB")	20 to 40
• Right to Cultivate ("Hak Guna Usaha" or "HGU")	19 to 39
• Right to Use ("Hak Pakai" or "HP")	10 to 25
• Right to Manage ("Hak Pengelolaan Lahan" or "HPL")	5 to 20

Included as part of the land use rights are the costs associated with the legal transfer or renewal of land right title, such as legal fees, land survey and re-measurement fees, taxes and other related expenses.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group also has certain leases of office equipment with lease terms of less than 12 months (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases and recognise lease expenses on a straight-line basis. These expenses are presented within general and administrative expenses in the profit or loss.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.25 Revenue

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 sales arising from physical delivery of CPO, palm kernel ("PK"), palm-based products, edible oils and other agricultural products is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Certain contracts with customers within the respective business segments give rise to variable considerations.

The Group estimates the variable considerations such as right of return and price adjustments arising from quality claim, changes of commodity price and sales volume, using expected value developed based on historical experience or using most likely amount developed based on historical experience taking into account also current purchasing patterns.

The management established estimation method that ensure inclusion of these variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Meanwhile, the recognition is made when supporting documents have been received from customers or when it is probable price adjustments will be given.

If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfied the performance obligation under the contract.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental and storage income

Rental and storage income is recognised on a straight-line basis over the lease terms on an ongoing basis. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 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, associates and interests in joint ventures, 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, 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, associates and interests in joint ventures, 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.

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 to 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(c) Value-added tax ("VAT")

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

– Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT 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 VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 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.

2.29 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 relating 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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 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 consolidated 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.

2.31 Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

(i) expected to be realized or intended to be sold or consumed in the normal operating cycle,
(ii) held primarily for the purpose of trading,
(iii) expected to be realized within 12 months after the reporting period, or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

(i) expected to be settled in the normal operating cycle,
(ii) held primarily for the purpose of trading,
(iii) due to be settled within 12 months after the reporting period, or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 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 has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Allowance for ECL of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 35(d).

The carrying amount of trade receivables as at 31 December 2022 is Rp1,200.2 billion (2021: Rp1,463.0 billion). Further details are disclosed in Note 24.

(b) Allowance for ECL of plasma receivables

The ECL allowance is based on the credit losses expected to arise over the life of the asset (lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. The Group primarily determined a receivable from individual plasma project has significant increase in credit risk when the actual development cost per hectare is exceeding the agreed development cost per hectare as stated in the credit agreement between the cooperatives and the creditor. At this point, the Group estimates the impairment loss using lifetime ECLs.

The 12 months' ECL is the portion of lifetime ECL that represent the ECL which would possibly result from default events on a financial instrument within the 12 months after the reporting date.

The Group calculates ECL based on the expected cash shortfalls, discounted at an approximation of the original effective interest rate ("EIR"). A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group measures the cash flows expected to receive from each plasma project based on the estimated revenues from the plasma plantations deducted with the costs of sales, principal and interest payments to the bank. The key inputs applied for this estimation are the selling price of FFB, production costs, production yield for each planting year of the plasma plantations and inflation rate.

These provisions are re-evaluated and adjusted as additional information is received at each reporting date.

The gross carrying amount of the Group's plasma receivables before the allowance for ECL and the adjustments of EIR amortisation as at 31 December 2022 is Rp2,304.4 billion (2021: Rp2,317.7 billion). Further details are disclosed in Notes 32(a) and 35(d).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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) Goodwill impairment

Application of acquisition method requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities acquired, including intangible assets. Certain business acquisitions of the Group have resulted in goodwill, which is not amortised but subject to impairment testing, and whenever circumstances indicate that the carrying amount of the CGU where the goodwill was allocated into may be impaired.

Determining the fair values of biological assets, property, plant and equipment, and other non-current assets of the acquirees at the date of business combination, requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial information. Future events could cause the Group to conclude that the assets are impaired. The preparation of estimated future cash flows involves significant estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable amounts and may lead to impairment charge in the future.

Impairment review is performed when certain impairment indication is present. In the case of goodwill, such assets are subject to annual impairment test and whenever there is an indication that such asset may be impaired. Management has to use its judgement in estimating the recoverable amount.

During the year, the Group recorded an impairment loss of Rp126.8 billion (2021: Nil) to impair the goodwill allocated to five cash-generating units ("CGUs") as the recoverable amount was lower than the carrying amounts goodwill and net assets of these five respective CGUs.

The carrying amount of the Group's goodwill as at 31 December 2022 is Rp3,084.6 billion (2021: Rp3,211.4 billion). Further details are disclosed in Note 16.

(b) Impairment of property, plant and equipment

The Group identified the existence of impairment indicators on certain rubber bearer plants upon consideration of the market environment, conditions of the rubber plantations, production yield and the outlook of these plantation estates and determined the recoverable amount based on fair value less cost to sell, using discounted cash flow method.

During the year, the Group recorded an impairment loss of Rp157.4 billion (2021: Rp300.5 billion) to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts. For the remaining rubber bearer plants, management concluded that the recoverable amount was higher than their carrying amounts and hence no impairment loss was required. This was recognised in the statement of comprehensive income under other operating expenses.

The net carrying amount of the Group's property, plant and equipment as at 31 December 2022 is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Pension and employee benefits

The determination of the Group's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income as and when they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

The carrying amount of the Group's employee benefits liabilities as at 31 December 2022 is Rp1,530.0 billion (2021: Rp1,808.0 billion). The key assumptions applied in the determination of pension and employee benefits liabilities including a sensitivity analysis, are disclosed and further explained in Note 29.

(d) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 30 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of the Group's property, plant and equipment as at 31 December 2022 is disclosed in Note 14.

(e) Biological assets

The Group recognises its timber plantations and agricultural produce of bearer plants at fair value less costs to sell, which requires the use of accounting estimates and assumptions.

The Group adopts the income approach to measure the timber plantations and fair value of unharvested produce of bearer plants. The significant assumptions applied to determine the fair value of biological assets included the projected selling prices, production yields, discount rate, inflation rate and exchange rates. For the valuation of unharvested fruit bunches of oil palm and latex of rubber, the Group has applied the estimated harvest data subsequent to year end to derive the fair value of unharvested produce of oil palm and rubber at year end. For the valuation of oil palm seeds, sugar cane and timber, the Group has applied discounted cash flow models to derive its fair value.

The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these agricultural produces would affect the Group's profit or loss and equity. The carrying amount of the Group's biological assets as at 31 December 2022 (under Non-current assets and Current assets) is Rp1,092.4 billion (2021: Rp1,201.7 billion). The key assumptions applied in the determination of fair value of biological assets including a sensitivity analysis, are disclosed and further explained in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(f) 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 2022 is Rp184.2 billion (2021: Rp310.1 billion).

Claims for tax refund

The management exercises judgement to record the amount of recoverable and refundable tax claims by the Tax Office based on the interpretations of current tax regulations. The carrying amount of the Group's claims for tax refund and tax assessments under appeal as at 31 December 2022 is Rp40.8 billion (2021: Rp67.2 billion). Further details are disclosed in Note 17.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that there will be sufficient taxable profit within the next 5 years against which the tax losses can be utilised. Significant management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets as at 31 December 2022 is Rp276.1 billion (2021: Rp383.3 billion). Further details are disclosed in Note 18.

(g) Allowance for decline in market value of inventories and obsolescence of inventories

Allowance for decline in market value of inventories and obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories as at 31 December 2022 is Rp3,268.0 billion (2021: Rp2,655.3 billion). Further details are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE

Revenue represents the value arising from the sales of palm oil, rubber, sugar, edible oils, and other agricultural products. Revenue is recognised in accordance with the accounting policy disclosed in Note 2.25.

Revenue is disaggregated to Plantations and Edible Oils and Fats segment. The timing of transfer of goods is determined at a point in time. The Group does not have revenue that is recognised over time.

(a) Disaggregation of revenue

	Plantations		Edible Oils and Fats		Eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million
Sales channel								
Third party	5,134,636	3,385,333	12,662,429	16,273,196	–	–	17,797,065	19,658,529
Inter-segment	6,592,674	7,176,019	16,771	3,244	(6,609,445)	(7,179,263)	–	–
	11,727,310	10,561,352	12,679,200	16,276,440	(6,609,445)	(7,179,263)	17,797,065	19,658,529
Primary geographical markets								
Indonesia	10,811,185	10,444,058	10,570,551	13,151,270	(6,609,445)	(7,179,263)	14,772,291	16,416,065
Outside Indonesia	916,125	117,294	2,108,649	3,125,170	–	–	3,024,774	3,242,464
	11,727,310	10,561,352	12,679,200	16,276,440	(6,609,445)	(7,179,263)	17,797,065	19,658,529
Major product lines								
CPO	8,736,116	7,895,170	–	–	(6,592,675)	(7,176,009)	2,143,441	719,161
Palm kernel & related products	1,322,849	1,163,993	–	–	–	–	1,322,849	1,163,993
Edible Oils and Fats	–	–	12,679,200	16,276,440	(16,770)	(3,244)	12,662,430	16,273,196
Others	1,668,345	1,502,189	–	–	–	(10)	1,668,345	1,502,179
	11,727,310	10,561,352	12,679,200	16,276,440	(6,609,445)	(7,179,263)	17,797,065	19,658,529

During the financial years ended 31 December 2022 and 2021, the sales from customers with individual cumulative amount each exceeded 10% of the total consolidated revenue are as follows:

	2022		2021	
	Rp million	% of Total Revenue	Rp million	% of Total Revenue
PT Indofood CBP Sukses Makmur Tbk ("PT ICBP")	3,440,387	19.3%	2,890,406	14.7%
PT Indomarco Adi Prima	1,323,869	7.4%	2,369,682	12.1%
Total	4,764,256	26.7%	5,260,088	26.8%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE

(a) Disaggregation of revenue (cont'd)

Performance Obligations

The performance obligations of the Group, which cover the products mentioned above, are satisfied upon shipment from the Group's location or upon delivery of the goods at the customer's location, as agreed in the contracts. The term of payment is generally due within 1 to 35 days upon fulfilment of the performance obligation. For export sales, the Group requires cash against the presentation of documents of title.

Contract Balances

Information about trade receivables and contract liabilities from contracts with customers are disclosed as follows:

	2022 Rp million	2021 Rp million
Trade receivables (Note 24)	1,200,214	1,462,993
Contract liabilities (Note 26)	198,209	339,031

Contract liabilities are the Group's obligations to transfer goods to customers for which the Group have received advances collected from customers prior to the transfer of control of goods to the customers. Contract liabilities are recognised as revenue when the Group satisfied the performance obligation under the contract.

Set out below is the amount of revenue recognized from amounts included in contract liabilities at the beginning of each of the reporting period:

	2022 Rp million	2021 Rp million
Amounts included in contract liabilities at the beginning of the year	305,992	211,130

(b) Estimating variable consideration for sale of products

The amount of revenue recognised is based on the consideration that the Group received in exchange for transferring promised goods or services to the customers, and adjusted for expected returns and price adjustments arising from product quality.

For product returns and price adjustments arising from product quality, the Group uses most likely method in estimating the variable consideration. Management considers its historical experience to develop an estimate of variable consideration for expected returns and adjustments arising from product quality. During the year, the expected returns and pricing adjustments were assessed to be immaterial and hence, no refund liabilities is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. COST OF SALES

	Note	Group 2022 Rp million	Group 2021 Rp million
Raw materials used		5,782,624	7,445,791
Harvesting, upkeep and cultivation costs		2,984,278	2,206,357
Manufacturing and other overhead expenses		4,730,671	4,999,611
Net changes in inventories		(337,538)	(78,983)
	23	13,160,035	14,572,776
Changes in allowance for decline in market value and obsolescence of inventories	23	78,323	13,194
Total		13,238,358	14,585,970

During the financial year ended 31 December 2022 and 2021, there were no purchases from any supplier with cumulative amount exceeded 10% of the total cost of sales.

6. OTHER OPERATING INCOME

	Note	Group 2022 Rp million	Group 2021 Rp million
Compensation income		79,718	43,710
Gain on disposal of assets held for sale		31,776	–
Gain on disposal of property, plant and equipment		1,632	5,140
Gain on disposal of right-of-use assets		–	8,297
Net gain arising from write-off of right-of-use assets and lease liabilities		27	–
Sale of export allocation rights		25,357	–
Sale of palm kernel shells		8,728	6,920
Sale of scraps		2,127	788
Rental income	15	5,614	8,149
Freight income		4,199	6,225
Gain on disposal of obsolete goods		2,150	4,537
Management fee income		1,943	1,493
Changes in provision for assets dismantling costs	28	1,979	182
Others		32,445	47,880
Total		197,695	133,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. OTHER OPERATING EXPENSES

	Note	Group 2022 Rp million	Group 2021 Rp million
Allowance for uncollectible and loss arising from changes in amortised cost of plasma receivables	32(a)	369,384	352,527
Impairment loss of property, plant and equipment	14	157,425	313,452
Impairment of goodwill	16	126,803	–
Write-off of property, plant and equipment		16,165	179,654
Amortisation of deferred charges		7,195	7,128
Property and other taxes		8,889	4,887
Others		46,211	56,798
Total		732,072	914,446

8. PROFIT FROM OPERATIONS

The following items have been included in arriving at profit from operations:

	Note	Group 2022 Rp million	Group 2021 (Restated) Rp million
Depreciation of property, plant and equipment	14	1,381,936	1,358,784
Depreciation of right-of-use assets	15	76,885	63,348
Amortisation of other non-current assets		14,925	13,784
Impairment loss of property, plant and equipment	14	157,425	313,452
Impairment loss of goodwill	16	126,803	–
Employee benefits expenses	29	3,178,411	2,988,659
Freight, taxes and other sales administration		338,453	677,564
Advertising, promotions and distribution expenses		79,605	111,848
Research and development costs		37,944	39,663
Lease expenses	15	9,531	10,181
Audit fees:			
Auditors of the Company		2,133	1,972
Other auditors		12,488	14,096
Non-audit fees:			
Auditors of the Company		173	32
Other auditors		898	224

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. FINANCE INCOME

	Group 2022 Rp million	2021 Rp million
Interest on current accounts and short-term deposits	95,521	70,040
Others	25	59
Total	95,546	70,099

10. FINANCE EXPENSES

	Note	Group 2022 Rp million	2021 Rp million
Interest expense on:			
– Bank loans		534,577	588,671
– Lease liabilities	15	5,808	4,009
– Other loans		30,443	28,735
Bank charges		9,084	8,806
Total		579,912	630,221

11. INCOME TAX EXPENSES

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group 2022 Rp million	2021 (Restated) Rp million
Consolidated statement of comprehensive income:		
Current income tax		
– Current year income tax	785,062	738,480
– Adjustments in respect of previous years	10,267	3,133
	795,329	741,613
Deferred income tax (Note 18)		
– Current year deferred income tax	(204,109)	(160,500)
– Adjustments in respect of previous years	308,931	398,680
	104,822	238,180
Total	900,151	979,793

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. INCOME TAX EXPENSES (CONT'D)

Major components of income tax expense (cont'd)

	Group	
	2022	2021 (Restated)
	Rp million	Rp million
<u>Charged to other comprehensive income</u>		
Deferred tax related to items recognised in other comprehensive income:		
Change in fair value of available-for-sale financial assets at FVOCI	–	4,870
Re-measurement gain of employee benefits liability	(41,720)	(22,014)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 are as follows:

	Group	
	2022	2021 (Restated)
	Rp million	Rp million
Profit before tax as per consolidated statement of comprehensive income	2,217,908	2,266,328
Tax at the Singapore tax rate of 17% (2021: 17%)	377,045	385,275
Effect of tax rates in foreign jurisdictions	106,935	85,435
Income already subjected to final tax	(28,076)	(16,583)
Income not subject to taxation	(435)	(40)
Non-deductible expenses	125,484	123,893
Adjustments in respect of previous years	319,198	401,813
Income tax expense recognised in the consolidated statement of comprehensive income	900,151	979,793

In October 2021, the corporate income tax rates in Indonesia have been adjusted as follows:

(a) 22% effective starting Fiscal Year 2022 (previously was 20% as announced in March 2020); and
(b) Resident publicly listed companies in Indonesia whose at least 40% or more of the total paid-up shares or other equity instruments are listed for trading in the Indonesia stock exchange and meet certain requirements in accordance with the government regulations, are entitled for 3% reduction of the rates stated in point (a) above.

For the financial years ended 31 December 2022 and 2021, the corporate tax rates for companies in Singapore and Indonesia were 17% and 22% (2021:17% and 22%) respectively.

A subsidiary in Indonesia applies 19% (2021: 19%) tax rate instead of the normal tax rate of 22% (2021:22%) in computing its income tax expense for the reporting period due to its fulfilment to qualify for a reduced corporate income tax rate.

Adjustments in respect of previous years largely related to the change in income tax rates, unrecoverable tax losses as a result of expired tax losses for which deferred tax assets have been recognised and changes in assumptions used in the estimation of future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the 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.

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:

	Group	
	2022	**2021 (Restated)**
	Rp million	Rp million
Profit attributable to owners of the Company	769,977	759,127
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	1,395,904,530	1,395,904,530
Basic earnings per share (in Rupiah)	552	544

There were no dilutive potential ordinary shares as at 31 December 2022 and 2021.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. BIOLOGICAL ASSETS

Biological assets primarily comprise of timber plantations (which are presented as part of non-current assets), and the unharvested agricultural produce of bearer plants (which are presented as part of current assets). The carrying amount of the Group's biological assets as at 31 December 2022 is Rp1,092.4 billion (2021: Rp1,201.7 billion).

Fair values of biological assets

Biological assets under non-current assets - timber plantations

For timber plantations, the Group appointed an independent valuer to determine the fair value of timber annually and any resultant gain or loss arising from the changes in fair values is recognised in the profit or loss. The independent valuer adopted the income approach for the fair valuation of timber using a discounted cash flow model. The cash flow models estimate the relevant future cash flows which are expected to be generated in the future and discounted to the present value by using a discount rate.

The key assumptions applied are as follows:

(i) Timber tree is available for harvest only once approximately 8 years after initial planting.
(ii) Discount rate used represents the asset specific rate for the Group's timber plantations which are applied in the discounted future cash flows calculation.
(iii) The projected selling price of logs over the projection period are based on average selling price of the produce which is extrapolated based on changes of plywood log market price.

The movements for timber plantations are as follows:

		Group	
	Note	**2022**	**2021**
		Rp million	Rp million
At fair value			
At 1 January		328,344	313,453
Additions		2,371	6,055
Decreases due to harvest		(220)	(2,341)
(Loss)/gain arising from changes in fair value of biological assets		(7,752)	11,177
At 31 December	34(a)	322,743	328,344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. BIOLOGICAL ASSETS (CONT'D)

Fair values of biological assets (cont'd)

Biological assets under current assets - agricultural produce of bearer plants

The Group adopted the income approach to measure the fair value of the unharvested agricultural produce of bearer plants which mainly comprise of FFB, oil palm seeds, latex and sugar cane.

The key assumptions applied on the fair value of FFB and latex are as follows:

(i) Estimated volume of subsequent harvest as of reporting date;
(ii) Selling price of FFB and latex based on the market prices at year end.

The key assumptions applied on the fair value of sugar cane are as follows:

(i) Cane tree is available for annual harvest for 12 months after initial planting, and subsequently up to 3 more annual harvests;
(ii) Discount rate used represents the asset specific rate for the cane produce which is applied in the discounted future cash flows calculation;
(iii) The projected selling price of sugar over the projection period are based on the extrapolation of actual selling prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia.

The key assumptions applied on the fair value of oil palm seeds are as follows:

(i) Estimated volume of 6 months subsequent harvest as at reporting date;
(ii) Discount rate used represents the asset specific rate for the seed produce which is applied in the discounted future cash flows calculation;
(iii) The projected selling price of palm seeds over the projection period are based on the extrapolation of market prices.

The movements for agricultural produce of bearer plants, which comprise FFB, oil palm seeds, latex and sugar cane are as follows:

		Group	
	Note	**2022**	**2021**
		Rp million	Rp million
At fair value			
At 1 January		873,393	777,388
Additions		217,202	201,760
Decreases due to harvest		(192,601)	(207,268)
(Loss)/gain arising from changes in fair value of biological assets		(128,360)	101,513
At 31 December	34(a)	769,634	873,393

Key inputs to valuation on biological assets

The fair values of the oil palm and rubber agricultural produce are determined at Level 2 based on the applicable market prices applied to the estimated volume of the produce.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. BIOLOGICAL ASSETS (CONT'D)

Key inputs to valuation on biological assets (cont'd)

Range of quantitative unobservable inputs (Level 3) used in determining the fair values of the sugar cane, oil palm seeds and timber are as follows:

Inputs	Sugar cane	Oil palm seeds	Timber
Discount rate	10.91% (2021: 9.93%)	14.21% (2021: 10.62%)	11.74% (2021: 10.63%)
Selling price of processed agriculture produce	Rp624,754/tonne (2021: Rp550,949/tonne)	Rp8,800 – Rp9,000/piece (2021: Rp8,800 – Rp9,000/piece)	Rp561,739 – Rp3,114,976/m^3 (2021: Rp544,065 – Rp3,067,911/m^3)
Average production yield of agriculture produce	74 tonnes/hectare (2021: 75 tonnes/hectare)	871 pieces/bunch (2021: 805 pieces/bunch)	88 m^3/hectare (2021: 87 m^3/hectare)
Exchange rate	Rp14,800/US$1 (2021: Rp14,350/US$1)	–	Rp14,500 – Rp14,800/US$1 (2021: Rp13,900 – Rp14,300/US$1)
Inflation rate	3.60% (2021: 3.00%)	–	3.00% – 3.60% (2021: 3.00%)

The narrative sensitivity analysis of unobservable inputs (Level 3) used in determining the fair values of the biological assets are as follows:

Inputs (Hierarchy)	Sensitivity of the inputs to the fair value of biological assets
Discount rate	An increase/(decrease) in the discount rate will cause a (decrease)/ increase in the fair value
Selling price of processed agriculture produce	An increase/(decrease) in the commodity prices would result in an increase/(decrease) in the fair value
Average production yield	An increase/(decrease) in production yields would result in an increase/(decrease) in the fair value
Exchange rate	An increase/(decrease) in the exchange rate would result in an increase/(decrease) in the fair value
Inflation rate	An increase/(decrease) in the inflation rate would result in a (decrease)/increase in the fair value.

NOTES TO THE FINANCIAL STATEMENTS

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13. BIOLOGICAL ASSETS (CONT'D)

Areas of the Group's biological assets:

The Group has timber plantation concession rights which are valid until 2035 and 2049. The total area of planted timber plantations as at 31 December 2022 is 15,575 hectares (2021: 15,466 hectares) (unaudited).

Physical quantities of agricultural produce:

Agricultural produce harvested during the financial year	Bearer plants from which produce harvested	Unit of measurement	2022 (unaudited)	2021 (unaudited)
FFB	Oil palm	'000 tonnes	2,812	2,761
Oil palm seeds	Mother palm	in million	10.8	6.9
Latex	Rubber	'000 tonnes	5	6
Sugar cane	Cane	'000 tonnes	890	914

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14. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants	Buildings and improvements	Plant and machinery	Heavy equipment, transportation equipment and vessels	Furniture, fixtures and office equipment	Total
	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million
Group						
Cost						
At 1 January 2021	16,927,301	8,231,158	6,216,176	2,246,753	444,349	34,065,737
Additions	719,806	142,636	107,822	55,634	8,586	1,034,484
Reclassification	4,034	(15,891)	123,424	(112,307)	641	(99)
Disposals and write-off	(180,571)	(21,170)	(29,134)	(28,632)	(3,364)	(262,871)
At 31 December 2021 and 1 January 2022	17,470,570	8,336,733	6,418,288	2,161,448	450,212	34,837,251
Additions	797,926	148,261	202,578	77,969	9,898	1,236,632
Reclassification	(53,773)	(51,778)	43,962	1,746	1,406	(58,437)
Disposals and write-off	(122,255)	(5,723)	(31,433)	(13,137)	(6,295)	(178,843)
At 31 December 2022	18,092,468	8,427,493	6,633,395	2,228,026	455,221	35,836,603
Accumulated depreciation						
At 1 January 2021	5,751,244	3,093,554	3,641,789	1,819,748	385,049	14,691,384
Depreciation charge for the year	519,755	388,201	333,634	99,835	17,359	1,358,784
Reclassification	–	46,940	109,285	(154,993)	16,692	17,924
Disposals and write-off	(517)	(13,837)	(27,261)	(26,517)	(3,364)	(71,496)
Impairment	300,452	13,000	–	–	–	313,452
At 31 December 2021 and 1 January 2022	6,570,934	3,527,858	4,057,447	1,738,073	415,736	16,310,048
Depreciation charge for the year	530,733	402,751	341,358	91,472	15,622	1,381,936
Reclassification	–	(5,885)	(6,482)	(2,168)	8	(14,527)
Disposals and write-off	(101,727)	(3,461)	(11,417)	(11,224)	(6,148)	(133,977)
Impairment	157,425	–	–	–	–	157,425
At 31 December 2022	7,157,365	3,921,263	4,380,906	1,816,153	425,218	17,700,905
Net carrying amount						
At 31 December 2021	10,899,636	4,808,875	2,360,841	423,375	34,476	18,527,203
At 31 December 2022	10,935,103	4,506,230	2,252,489	411,873	30,003	18,135,698

Vessels are presented within the class of Heavy equipment and transportation equipment due to its similar nature of use, which is for the transportation of the Group's commodities.

The Group identified the existence of impairment indicators on certain rubber bearer plants upon consideration of the market environment, conditions of the rubber plantations, production yield and the outlook of these plantation estates and determined the recoverable amount based on fair value less costs of disposal ("FVLCD"), using discounted cash flow method. The Group recorded an impairment loss of Rp157.4 billion in 2022 (2021: Rp300.5 billion) to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts. For the remaining rubber bearer plants, management concluded that the recoverable amount was higher than their carrying amounts and hence no impairment loss was required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings and improvements Rp million	Furniture, fixtures and office equipment Rp million	Total Rp million
Company			
Cost			
At 1 January 2021 and 31 December 2021	74,110	562	74,672
Additions	–	22	22
Write-off	–	(210)	(210)
At 31 December 2022	74,110	374	74,484
Accumulated depreciation			
At 1 January 2021	45,072	509	45,581
Depreciation charge for the year	3,639	9	3,648
Write-off	–	(50)	(50)
At 31 December 2021 and 1 January 2022	48,711	468	49,179
Depreciation charge for the year	3,628	39	3,667
Write-off	–	(210)	(210)
At 31 December 2022	52,339	297	52,636
Net carrying amount			
At 31 December 2021	25,399	94	25,493
At 31 December 2022	21,771	77	21,848

Assets under construction

Property, plant and equipment of the Group as at 31 December 2022 included immature bearer plants in the course of cultivation, and building and machinery in the course of construction amounting to Rp3,709.0 billion (2021: Rp4,199.1 billion).

Bearer plants

The Group's bearer plants comprise mainly oil palm, rubber and sugar cane plantations.

Asset held for sale

On 21 December 2017, a subsidiary, Lonsum entered into a Sale and Purchase Agreement with an entity under common control, PT ICBP for the sale of a parcel of its land with an area approximately of 125 hectares in the Province of Banten, Sumatra Indonesia.

In December 2022, Lonsum executed part of the SPA with total transaction value of Rp35.8 billion for 8 parcels of land, covering 12 hectares by realising part of an advance paid by PT ICBP in 2018.

As of February 2023, the disposal of such parcel of land is still being processed by both parties, and therefore classified as "Asset held for sale".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets fully depreciated but still in use

As at 31 December 2022, the costs of the Group's property, plant and equipment that have been fully depreciated but still being in utilized amounted to Rp3,804.5 billion (2021: Rp3,058.9 billion), which mainly consist of buildings and improvements, plant and machinery, and heavy equipment, transportation equipment and vessels.

Capitalisation of borrowing costs

During the year ended 31 December 2022, borrowing costs capitalised by certain subsidiaries to their immature bearer plants under cultivation, and building and machineries under constructions amounted to Rp81.9 billion (2021: Rp122.6 billion) based on capitalisation rates ranging from 4.93% to 8.57% (2021: 4.24% to 8.87%).

Assets under insurance coverage

As at 31 December 2022, the fixed assets are covered by insurance against losses from fire and other risks under a policy package with total coverage of Rp15,624.3 billion (2021: Rp15,595.6 billion) and US$13.8 million (2021: US$13.8 million).

15. LEASES

Group as a lessee

The Group has lease contracts for various assets, including land, buildings and office equipment used in its operations. The Group is restricted from assigning and subleasing the leased assets.

- Lease of buildings generally have lease terms of 2 years.
- Office equipment generally have lease terms of 3 years.
- Land use rights are in the form of HGB, HGU, HP, HPL and generally have lease terms from 5 to 40 years which will expire between 2023 to 2055 and can be renewed and/or extended. The Group's bearer plants are planted and managed on the area which have obtained Rights to Cultivate ("Hak Guna Usaha" or "HGU"), or have obtained location permits and in the process of obtaining HGU.

Extension and termination options

The Group has several lease contracts that contain extension and termination options exercisable by the Group. Where practicable, the Group seeks to include extension and termination options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group before the end of the non-cancellable contract period and not by the lessors. The termination options can be exercised by serving the required notice periods in the lease contract.

Short-term leases and leases of low-value assets

The Group also has certain leases of office equipment with lease terms of less than 12 months or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases and recognise lease expenses on a straight-line basis in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. LEASES (CONT'D)

Group as a lessee (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised on the Group's consolidated balance sheet and the movements during the period:

Right-of-use assets	**Land use rights**	**Buildings**	**Vehicles**	**Office equipment**	**Group Total**
	Rp million	Rp million	Rp million	Rp million	Rp million
At 1 January 2021	1,956,101	4,080	–	7,447	1,967,628
Additions	32,338	9,609	–	14,449	56,396
Disposals	(703)	–	–	–	(703)
Write-off	(4)	–	–	(79)	(83)
Depreciation expense	(50,688)	(5,292)	–	(7,368)	(63,348)
Reclassification [1]	(16)	–	–	–	(16)
At 31 December 2021 and 1 January 2022	1,937,028	8,397	–	14,449	1,959,874
Additions	196,873	1,170	–	5,889	203,932
Disposals	–	–	–	–	–
Write-off	–	–	–	(205)	(205)
Depreciation expense	(64,948)	(5,194)	–	(6,743)	(76,885)
Reclassification [1]	(28,083)	–	–	–	(28,083)
As at 31 December 2022	2,040,870	4,373	–	13,390	2,058,633

[1] *Reclassified to other non-current receivables.*

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease Liabilities	**Note**	**2022**	**2021**
		Rp million	Rp million
As at 1 January		43,252	64,043
Addition		177,985	24,058
Accretion of interest	10	5,808	4,009
Payments		(57,002)	(48,775)
Write-off		(232)	(83)
As at 31 December		169,811	43,252
Current		46,772	32,052
Non-current		123,039	11,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. LEASES (CONT'D)

Group as a lessee (cont'd)

The following are the amounts recognised in the consolidated statement of comprehensive income:

	Note	2022 Rp million	2021 Rp million
Depreciation of right-of-use assets	8	76,885	63,348
Interest expense on lease liabilities	10	5,808	4,009
Lease expense relating to low-value assets and short-term leases	8	9,531	10,181
Total amount recognised in consolidated statement of comprehensive income		92,224	77,538

Amounts recognised in the consolidated cash flow statement:

	2022 Rp million	2021 Rp million
Addition to right-of-use assets	1,170	32,338
Payment of principal portion of lease liabilities	57,002	48,775
Total cash outflow for leases	58,172	81,113

Group as a lessor

The Group has entered into operating leases on its CPO tanks and warehouse buildings. These leases have lease terms of 2 years and include a clause for rental revision subject to prevailing market conditions. Rental income recognised by the Group during the year is Rp5.6 billion (2021: Rp8.1 billion).

Future minimum rental receivables under non-cancellable operating leases as at 31 December 2022 relating to CPO tank rental which will be charged based on actual usage.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. GOODWILL

	Group 2022 Rp million	2021 Rp million
At 1 January	3,211,427	3,211,427
Impairment loss	(126,803)	–
Balance at 31 December	3,084,624	3,211,427

Goodwill arising from business combination was allocated to the following cash-generating units ("CGU") for impairment testing:

	2022	2021
Integrated plantation estates of Lonsum	2,909,757	2,909,757
Plantation estates of PT GS	8,055	8,055
Plantation estates of PT MPI	2,395	2,395
Plantation estates of PT SBN	–	234
Integrated plantation estates of PT CNIS	–	7,712
Plantation estates of PT LPI	37,230	37,230
Plantation estates and research facility of PT SAIN	–	113,936
Plantation estates of PT RAP	–	3,388
Plantation estates of PT JS	–	1,533
Integrated plantation estates of PT MISP	34,087	34,087
Plantation estates of PT SAL	86,996	86,996
Plantation estates of PT MLI	6,104	6,104
Total	3,084,624	3,211,427

Goodwill was tested for impairment as at 31 October 2022. As at 31 December 2022, there was no significant change in the assumptions used by management that could have significant impact in determining the recoverable value of the goodwill.

Management engaged an independent valuer to determine the recoverable amount of the goodwill, only for Lonsum's integrated plantation estates. The plantation estates under Lonsum are identified as a single cash-generating unit ("CGU") for impairment testing. The recoverable amount of the goodwill allocated to the Lonsum CGU has been determined based on value-in-use calculations.

The recoverable amount of other goodwill from other acquisitions were determined internally by management based on FVLCD, using discounted cash flow method. The FVLCD derived is categorised under Level 3 of the fair value hierarchy.

Based on the impairment assessment, an impairment loss of Rp126.8 billion was recognised to fully write-down the carrying amount of goodwill allocated to CGUs: PT SBN, PT CNIS, PT SAIN, PT RAP and PT JS, as the carrying values of the goodwill and net assets for these CGUs were in excess of their respective recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. GOODWILL (CONT'D)

The following assumptions were used to estimate the recoverable amounts:

Cash generating units	Carrying amount of goodwill	Pre-tax discount rate 31 October 2022	Pre-tax discount rate 31 October 2021	Growth rate after forecast period 31 October 2022	Growth rate after forecast period 31 October 2021
Recoverable amount assessment based on value-in-use					
Integrated plantation estates of Lonsum	2,909,757	13.00%	12.69%	5.30%	5.45%
Recoverable amount assessment based on FVLCD					
Plantation estates of PT GS	8,055	13.23%	12.80%	5.30%	5.45%
Plantation estates of PT MPI	2,395	13.02%	12.75%	5.30%	5.45%
Plantation estates of PT SBN	–	12.25%	11.92%	5.30%	5.45%
Integrated plantation estates of PT CNIS	–	11.67%	11.86%	5.30%	5.45%
Plantation estates of PT LPI	37,230	10.76%	10.48%	5.30%	5.45%
Plantation estates and research facility of PT SAIN	–	12.45%	12.50%	5.30%	5.45%
Plantation estates of PT RAP	–	12.45%	12.45%	5.30%	5.45%
Plantation estates of PT JS	–	12.45%	12.50%	5.30%	5.45%
Integrated plantation estates of PT MISP	34,087	12.79%	12.52%	5.30%	5.45%
Plantation estates of PT SAL	86,996	12.74%	9.51%	5.30%	5.45%
Plantation estates of PT MLI	6,104	10.70%	10.15%	5.30%	5.45%
Sub-total	174,867				
Grand total	3,084,624				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. GOODWILL (CONT'D)

The primary selling prices used in the discounted cash flow model are projected prices of CPO, rubber, sugar and logs.

- CPO — The projected prices are based on the outlook from reputable independent forecasting service firm and the World Bank forecasts for the projection period.
- Rubber — The projected prices (RSS1 and other rubber products of the Group) over the projection period are based on the extrapolation of actual selling prices and the forecasted price trend from the World Bank.
- Sugar — The sugar prices used in the projection are based on the extrapolation of actual selling prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia.
- Logs — The projected prices of logs are based on the average selling prices of the produce which are extrapolated based on changes of market prices of plywood log.

The cash flows beyond the projected periods are extrapolated using the estimated terminal growth rate indicated above. The terminal growth rate used does not exceed the long-term average growth rate in Indonesia. The discount rate applied to the cash flow projections is derived from the weighted average cost of capital of the respective CGUs.

Changes to the assumptions used by the management to determine the recoverable amounts, in particular prices, discount and terminal growth rates, can have significant 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 for each of the CGU to materially exceed their respective recoverable amounts.

17. CLAIMS FOR TAX REFUND

Claims for tax refund represent (a) advance tax payment made by each entity within the Group which is creditable against their respective corporate income tax payable; and (b) tax assessments being appealed to the taxation authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group 2022 Rp million	Group 2021 (Restated) Rp million
Temporary tax differences:		
Property, plant and equipment	(919,609)	(906,980)
Biological assets	(164,121)	(179,791)
Withholding tax on unremitted foreign interest income	(29,645)	(25,207)
Adjustments for uncollectible and loss arising from changes in amortised cost of plasma receivables	75,634	111,553
Allowance for employees benefit expenses	20,419	33,350
Allowance for decline in market value and obsolescence of inventories	44,764	27,847
Provision for unrecoverable advance	12,915	12,915
Employee benefits liabilities	333,972	388,920
Deferred inter-company profits	30,931	29,291
Tax losses carry forward	103,384	189,704
Impairment loss of property, plant and equipment	92,142	60,643
Others	(30,221)	(23,958)
Total	(429,435)	(281,713)
Classified as:		
Deferred tax assets	276,080	383,308
Deferred tax liabilities	(705,515)	(665,021)

For purposes of presentation in the consolidated balance sheet, the asset or liability classification of the deferred tax effect of each of the above temporary differences is determined based on the net deferred tax position (net assets or net liabilities) on a per entity basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. DEFERRED TAX (CONT'D)

Deferred tax assets and liabilities cover the future tax consequences attributable to differences between the financial and tax reporting bases of assets and liabilities and the benefits of tax losses carry forward.

The Company recognised deferred tax liabilities of Rp29.6 billion (2021: Rp25.2 billion) in respect of unremitted foreign interest income arising from cash at banks, short-term deposits and shareholder loan to its subsidiary.

Deferred tax income or expense recognised in consolidated statement of comprehensive income:

	Group	
	2022	**2021 (Restated)**
	Rp million	Rp million
Deferred income tax movements:		
Property, plant and equipment and biological assets	(3,041)	112,555
Allowance for unrecoverable advance for investment	–	(1,174)
Adjustments of EIR amortisation of plasma receivables	35,917	9,582
Write-back for allowance of decline in market value and obsolescence of inventories	(16,917)	(2,992)
Employee benefits liabilities	13,230	(58,556)
Deferred inter-company losses	(1,640)	(675)
Provision for employee benefits expense	12,931	2,116
Tax losses carry forward	86,320	211,035
Impairment loss of property, plant and equipment	(31,499)	(60,643)
Others	9,521	26,932
Net deferred tax expense reported in the consolidated statement of comprehensive income (Note 11)	104,822	238,180

Unrecognised tax losses

At the end of the reporting period, the Group has total tax losses amounting to Rp3,521.7 billion (2021: Rp3,626.2 billion) that are available for offset against future taxable profits for up to five years from the date the losses were incurred as the tax losses in Indonesia generally expire after 5 years. Deferred tax benefits of Rp671.4 billion (2021: Rp608.1 billion) attributable to Rp3,051.7 billion (2021: Rp2,763.9 billion) of these tax losses were not recognised as the recoverability was considered not probable.

Unrecognised temporary differences relating to investments in subsidiaries

The Group has not recognised a deferred tax liability of Rp775.3 billion (2021: Rp694.2 billion) as at 31 December 2022 in respect of undistributed profits of subsidiaries as the distribution is controlled and there is currently no intention for the profits to be remitted to Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. DEFERRED TAX (CONT'D)

Unrecognised temporary differences relating to unremitted foreign-sourced interest income

The Group has not recognised deferred tax liability of Rp35.4 billion (2021: Rp35.4 billion) as at 31 December 2022 in respect of unremitted foreign-sourced interest income amounted to Rp109.5 billion (2021: Rp109.5 billion) as the Group has control over the remittance and this foreign-sourced interest income will be retained for future expansionary plans and capital injection in overseas markets and will not be remitted into Singapore in the foreseeable future. The potential deferred tax liabilities are before taking into account the foreign tax credit claim on the Indonesia withholding tax suffered by the Company on the interest income (if applicable).

19. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022	**2021**
	Rp million	Rp million
Shares, at cost	10,706,846	10,706,846
Investment in a newly incorporated subsidiary	564	–
Carrying value of investment	10,707,410	10,706,846

The Group held less than 50% effective shareholdings in certain subsidiaries but owned, directly and indirectly, more than half of the voting power in these subsidiaries.

On 22 September 2022, Indofood Agri Trading Pte. Ltd. was incorporated with share capital of S$50,000 (equivalent to Rp564 million). The share issued was fully subscribed by the Company. According, Indofood Agri Trading Pte. Ltd. became the wholly subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Composition of the Group

The Group has the following investment in subsidiaries:

Name of subsidiaries	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Name (Abbreviated name)				
Held by the Company				
PT Salim Ivomas Pratama Tbk (PT SIMP) [2]	Indonesia	73.46	73.46	Ownership of oil palm plantations, mills and production of cooking oil, margarine, shortening, and other related products
IFAR Brazil Pte. Ltd. (IFAR Brazil)[1]	Singapore	100.00	100.00	Investment holding
Indofood Agri Trading Pte. Ltd. (IATPL)[1]	Singapore	100.00	–	Trading of CPO and derivative products
Held by PT Salim Ivomas Pratama Tbk				
IndoInternational Green Energy Resources Pte. Ltd. (IGER) [1]	Singapore	44.08	44.08	Investment holding
PT Indoagri Inti Plantation (PT IIP) [2]	Indonesia	72.73	72.73	Investment holding, management services and transportation
Silveron Investments Limited (SIL) *	Mauritius	73.46	73.46	Investment holding
PT Kebun Mandiri Sejahtera (PT KMS) [3]	Indonesia	71.89	71.89	Ownership of rubber and oil palm plantations
PT Manggala Batama Perdana (PT MBP) *	Indonesia	73.46	73.46	Non-operating
PT Sarana Inti Pratama (PT SAIN) [3]	Indonesia	73.46	73.46	Investment, research, management and technical services, and oil palm seed breeding

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19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) *Composition of the Group (cont'd)*

Name of subsidiaries	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Held by PT Salim Ivomas Pratama Tbk (cont'd)				
PT Mentari Subur Abadi (PT MSA) [3]	Indonesia	57.23	57.23	Investment and ownership of oil palm plantations and mill
PT Mega Citra Perdana (PT MCP) [4]	Indonesia	21.83	21.83	Investment holding
PT Swadaya Bhakti Negaramas (PT SBN) [3]	Indonesia	43.20	43.20	Ownership of oil palm plantations
PT Lajuperdana Indah (PT LPI) [2]	Indonesia	22.44	22.44	Ownership of sugar cane plantations and sugar mills/ refineries
PT Mitra Intisejati Plantation (PT MISP) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations and mill
PT PP London Sumatra Indonesia Tbk (Lonsum) [2]	Indonesia	43.72	43.72	Business of breeding, planting, milling and selling of oil palm products, rubber and other crops
PT Cakra Alam Makmur (PT CAM) [3]	Indonesia	73.46	73.46	Ownership of bulking facilities
PT Hijaupertiwi Indah Plantations (PT HPIP) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations and mill
PT Cangkul Bumisubur (PT CBS) [3]	Indonesia	73.31	73.31	Ownership of oil palm plantations
PT Samudera Sejahtera Pratama (PT SSP) [3]	Indonesia	73.46	73.46	Transportation service
PT Kebun Ganda Prima (PT KGP) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations and mill
PT Riau Agrotama Plantation (PT RAP) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations and mill

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Held by PT Salim Ivomas Pratama Tbk (cont'd)				
PT Citra Kalbar Sarana (PT CKS) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations
PT Jake Sarana (PT JS) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations
PT Pelangi Inti Pertiwi (PT PIP) [3]	Indonesia	73.31	73.31	Ownership of oil palm plantations
PT Mentari Pertiwi Makmur (PT MPM) [7]	Indonesia	58.53	58.53	Investment holding
PT Citranusa Intisawit (PT CNIS) [3]	Indonesia	73.46	73.46	Ownership of oil palm plantations and mill
Held by IndoInternational Green Energy Resources Pte. Ltd.				
PT Mentari Subur Abadi (PT MSA) [3]	Indonesia	1.54	1.54	Investment and ownership of oil palm plantations and mill
PT Mega Citra Perdana (PT MCP) [4]	Indonesia	22.25	22.25	Investment holding
PT Swadaya Bhakti Negaramas (PT SBN) [3]	Indonesia	0.88	0.88	Ownership of oil palm plantations
PT Lajuperdana Indah (PT LPI) [2]	Indonesia	22.72	22.72	Ownership of sugar cane plantations and sugar mills/ refineries

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Held by PT Indoagri Inti Plantation				
PT Gunung Mas Raya (PT GMR) [2]	Indonesia	72.00	72.00	Ownership of oil palm plantations and mill
PT Indriplant (PT IP) [2]	Indonesia	72.00	72.00	Ownership of oil palm plantations and mill
PT Serikat Putra (PT SP) [2]	Indonesia	72.00	72.00	Ownership of oil palm plantations and mill
PT Cibaliung Tunggal Plantations (PT CTP) [2]	Indonesia	72.00	72.00	Ownership of oil palm plantations
Held by PT Serikat Putra				
PT Intimegah Bestari Pertiwi (PT IBP) [2]	Indonesia	72.01	72.01	Ownership of oil palm plantations
PT Kencana Subur Sejahtera (PT KSS) [8]	Indonesia	72.01	72.01	Macronutrients mix fertilizer industry
PT Pratama Citra Gemilang (PT PCG) [8]	Indonesia	72.01	72.01	Prefabrication industry
Held by Silveron Investments Limited				
Asian Synergies Limited (ASL) [3]	British Virgin Islands	73.46	73.46	Investment holding
Held by PT Mentari Subur Abadi				
PT Agro Subur Permai (PT ASP) [3]	Indonesia	58.77	58.77	Ownership of oil palm plantations
Held by PT Mega Citra Perdana				
PT Gunta Samba (PT GS) [4]	Indonesia	44.07	44.07	Ownership of oil palm plantations and mill
PT Multi Pacific International (PT MPI) [4]	Indonesia	44.08	44.08	Ownership of oil palm plantations and mill

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19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) *Composition of the Group (cont'd)*

Name of subsidiaries	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Held by PT PP London Sumatra Indonesia Tbk				
PT Multi Agro Kencana Prima (PT MAKP) [5]	Indonesia	43.71	43.71	Plantation, processing and trading
Lonsum Singapore Pte. Ltd. (LSP) [6]	Singapore	43.72	43.72	Trading and marketing
PT Tani Musi Persada (PT TMP) [5]	Indonesia	43.68	43.68	Ownership of oil palm plantations
PT Sumatra Agri Sejahtera (PT SAS) [5]	Indonesia	43.71	43.71	Ownership of oil palm plantations
PT Tani Andalas Sejahtera (PT TAS) [5]	Indonesia	39.35	39.35	Ownership of oil palm plantations
Agri Investment Pte. Ltd. (AIPL) [6]	Singapore	43.72	43.72	Investment holding
PT Wushan Hijau Lestari (PT WHL) [3]	Indonesia	28.41	28.41	Agriculture, forestry, fishing and trading
Held by PT Mentari Pertiwi Makmur				
PT Sumalindo Alam Lestari (PT SAL) [7]	Indonesia	58.64	58.64	Development of industrial timber plantations
Held by PT Sumalindo Alam Lestari and PT Mentari Pertiwi Makmur				
PT Wana Kaltim Lestari (PT WKL) [7]	Indonesia	58.64	58.64	Development of industrial timber plantations
Held by Lonsum Singapore Pte. Ltd.				
Sumatra Bioscience Pte. Ltd. (SBPL) [*]	Singapore	43.72	43.72	Trading, marketing and research

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19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Held by PT Lajuperdana Indah				
PT Madusari Lampung Indah (PT MLI) [8]	Indonesia	45.16	45.16	Ownership of sugar cane plantations
Held by PT Wushan Hijau Lestari				
PT Perusahaan Perkebunan, Perindustrian dan Perdagangan Umum Pasir Luhur (PT PL) [3]	Indonesia	28.41	28.41	Trading, agricultural, industrial and agency/ representative

* *Not required to be audited in the country of incorporation.*

Audited by:
[1] *Ernst & Young LLP, Singapore*
[2] *Purwantono, Sungkoro & Surja, Indonesia (member firm of Ernst & Young Global)*
[3] *Kanaka Puradiredja, Suhartono, Indonesia*
[4] *Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia (member firm of Grant Thornton International)*
[5] *Aria Kanaka, Indonesia (member firm of Parker Randall)*
[6] *Eisner Amper PAC, Singapore*
[7] *Anwar, Sugiharto & Rekan, Indonesia*
[8] *Jimmy Budhi & Rekan, Indonesia*

(b) Interest in a subsidiary 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 non-controlling interest %	Profit allocated to NCI during the year Rp million	Accumulated NCI at the end of the year Rp million	Dividends paid to NCI Rp million
31 December 2022:					
PT SIMP	Indonesia	26.54	241,144	4,499,557	140,838
31 December 2021: (Restated)					
PT SIMP	Indonesia	26.54	267,978	4,364,376	55,230

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Summarised financial information about a subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of the subsidiary with material non-controlling interests are as follows:

		PT SIMP[1]	
	31.12.2022	**31.12.2021 (Restated)**	**1.1.2021 (Restated)**
	Rp million	Rp million	Rp million
Summarised balance sheet			
Current			
Assets	10,426,140	9,512,041	7,788,866
Liabilities	(9,562,260)	(9,243,096)	(8,925,753)
Net current assets/(liabilities)	863,880	268,945	(1,136,887)
Non-current			
Assets	26,195,282	27,088,602	28,321,011
Liabilities	(5,530,830)	(7,035,735)	(8,065,745)
Net non-current assets	20,664,452	20,052,867	20,255,266
Net assets	21,528,332	20,321,812	19,118,379

	2022	**2021 (Restated)**
	Rp million	Rp million
Summarised statement of comprehensive income		
Revenue	17,794,246	19,658,529
Profit before income tax	2,269,134	2,191,848
Income tax expense	(868,133)	(942,112)
Profit after tax	1,401,001	1,249,736
Other comprehensive income	147,874	55,430
Total comprehensive income	1,548,875	1,305,166
Other summarised information		
Net cash flows from operations	3,399,095	3,525,919

[1] The financial information is based on consolidated financial statements of PT SIMP and its subsidiaries prepared in accordance with International Financial Reporting Standards ("IFRS"). The list of subsidiaries held under PT SIMP is disclosed in Note 19(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INVESTMENT IN ASSOCIATE COMPANIES

The Group's investments in associate companies are summarised below:

	Group	
	2022	**2021**
	Rp million	Rp million
Associate companies which are strategic to the Group activities		
FP Natural Resources Limited ("FPNRL")	120,286	167,038
Asian Assets Management Pte Ltd ("AAM")	745,882	743,456
PT Aston Inti Makmur ("AIM")	352,542	349,583
PT Prima Sarana Mustika ("PT PSM")	34,785	19,394
PT Indoagri Daitocacao ("Daitocacao")	233,576	188,623
	1,487,071	1,468,094

	Group	
	2022	**2021**
	Rp million	Rp million
Cost of investment, at cost	1,940,736	1,877,942
Cumulative share of results and other comprehensive income	(566,316)	(509,133)
Foreign currency translation	99,730	86,364
Gain from deemed disposal	12,921	12,921
Carrying value of investment	1,487,071	1,468,094

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

Name of associates	Country of incorporation	Effective percentage of equity held % 2022	2021	Principal activities
Held by the Company				
FPNRL [i]	British Virgin Islands	30.00	30.00	Investment holdings
Held by Lonsum				
AAM [ii]	Singapore	10.92*	10.92*	Investment holdings
AIM [iii]	Indonesia	10.92*	10.92*	Ownership and building management
Held by PT SIMP				
PT PSM [iv]	Indonesia	29.38	29.38	Construction services, rental of heavy equipment and trading of agriculture equipment
Daitocacao [v]	Indonesia	36.00	36.00	Manufacture and marketing of chocolate for commercial distribution or wholesale to manufacturing companies

* The Group held less than 20% effective shareholdings in certain associates but owned, directly and indirectly, more than 20% shareholdings in these associates.

(i) Audited by Ernst & Young (HK) (member firm of Ernst & Young Global)
(ii) Audited by Pinebridge LLP, Singapore
(iii) Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, Indonesia (member firm of Crowe Global)
(iv) Audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia (member firm of Grant Thornton International)
(v) Audited by Purwantono, Sungkoro & Surja, Indonesia (member firm of Ernst & Young Global)

FPNRL

FPNRL is a 30%:70% investment between the Company and First Pacific. FPNRL in turn owns 62.9% (2021: 62.9%) in Roxas Holdings Inc, a company that engages in the refining and marketing of sugar and ethanol in the Philippines.

AAM and AIM

AAM is 24.98%, 50.00% and 25.02% owned by Lonsum, PT ICBP and PT ISM, respectively. AAM in turn owns 100% equity interest in AIM, a company that engages in the property business and operates an office building.

Daitocacao

Daitocacao is 49% and 51% owned by PT SIMP and Daitocacao Co. Ltd. respectively. In 2022, PT SIMP injected additional capital of Rp58.8 billion (equivalent to US$4.41 million) in Daitocacao, based on the proportion of its equity ownership.

PT PSM

PT PSM is 40% and 60% owned by PT SIMP and PT Wahana Inti Selarast, respectively. In 2022, PT SIMP injected additional capital of Rp4.0 billion in PT PSM, based on the proportion of its equity ownership.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

The summarised financial information in respect of FPNRL, AAM, AIM and Daitocacao, based on its respective local financial reporting standards which closely aligned with SFRS(I) and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	FPNRL		AAM		AIM		Daitocacao	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million
Current assets	879,221	873,663	84,036	61,202	66,349	43,526	195,708	82,736
Non-current assets	3,120,417	3,143,206	4,533,664	4,540,271	3,782,206	3,775,046	346,998	366,793
Total assets	3,999,638	4,016,869	4,617,700	4,601,473	3,848,555	3,818,572	542,706	449,529
Current liabilities	1,614,551	1,422,449	10,838	10,839	10,672	10,691	30,891	25,085
Non-current liabilities	1,740,525	1,708,100	211,074	216,045	187,464	188,326	34,832	39,323
Total liabilities	3,355,076	3,130,549	221,912	226,884	198,136	199,017	65,723	64,408
Net assets	644,562	886,320	4,395,788	4,374,589	3,650,419	3,619,555	476,983	385,121
Proportion of the Group's ownership	30.00%	30.00%	24.98%	24.98%	24.99%	24.99%	49.00%	49.00%
Group's share of net assets	193,369	265,896	732,961	730,535	352,542	349,583	233,722	188,709
Foreign currency translation	(73,084)	(98,858)	–	–	–	–	(146)	(86)
Deemed disposal gain	–	–	12,921	12,921	–	–	–	–
Carrying amount of investment	120,285	167,038	745,882	743,456	352,542	349,583	233,576	188,623

Summarised statement of comprehensive income

	FPNRL		AAM		AIM		Daitocacao	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million
Revenue	2,890,671	1,431,852	–	–	–	–	146,754	57,069
Profit/(loss) after tax	(216,947)	(208,299)	9,714	(6,857)	30,865	5,462	(28,247)	(36,696)
Other comprehensive income for the year	(76,358)	(47,487)	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

The aggregate information of the Group's investment in an associate company that is not individually material are as follows:

	Group 2022 Rp million	Group 2021 Rp million
Share of profit after tax and other comprehensive income	19,985	8,594

21. INVESTMENT IN JOINT VENTURES

The Group's investment in joint ventures are summarised below:

	Group 2022 Rp million	Group 2021 Rp million
Joint ventures which are strategic to the Group activities		
Companhia Mineira de Açúcar e Álcool Participações ("CMAA")	851,407	363,205
Bússola Empreendimentos e Participações S.A ("Bússola")	94,763	12,158
	946,170	375,363

	Group 2022 Rp million	Group 2021 Rp million
Cost of investment (including acquisition related costs)	1,102,748	1,019,301
Cumulative share of results and other comprehensive income	364,947	(139,589)
Loss on deemed disposal	(87,049)	(87,049)
Foreign currency translation	(247,995)	(358,522)
Dividend payment	(186,481)	(58,778)
Carrying value of investment	946,170	375,363

Name of joint ventures	Country of incorporation	Effective percentage of equity held % 2022	Effective percentage of equity held % 2021	Principal activities
Held by the IFAR Brazil Pte Ltd				
CMAA	Brazil	36.21	36.21	Ownership of sugar cane plantations and sugar and ethanol factories
Bússola	Brazil	36.21	36.21	Real estate

Both CMAA and Bússola are audited by Ernst & Young Brazil (Goiânia Office) (member firm of Ernst & Young Global).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. INVESTMENT IN JOINT VENTURES (CONT'D)

In April 2022, the shareholders injected additional capital of BRL 75 million or equivalent to Rp230.3 billion in Bússola, whereby the Group's 36.21% share was BRL 27.16 million or equivalent to Rp83.4 billion (2021: BRL 3.621 million or equivalent to Rp9.8 billion).

Summarised financial information in respect of CMAA and Bússola based on its respective local financial reporting standards which are closely aligned with SFRS(I), and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group			
	2022		2021	
	CMAA	Bússola	CMAA	Bússola
	Rp million	Rp million	Rp million	Rp million
Cash and cash equivalents	837,097	714	328,054	345
Other current assets	3,843,131	10,171	2,238,790	1,166
Current assets	4,680,228	10,885	2,566,844	1,511
Non-current assets	9,611,798	1,002,167	6,236,260	614,273
Total assets	14,292,026	1,013,052	8,803,104	615,784
Current liabilities	(4,364,207)	(31,152)	(3,563,245)	(74,795)
Total non-current liabilities	(8,098,753)	(725,440)	(4,688,144)	(511,853)
Total liabilities	(12,462,960)	(756,592)	(8,251,389)	(586,648)
Net assets	1,829,066	256,460	551,715	29,136
Proportion of the Group's ownership	36.21%	36.21%	36.21%	36.21%
Group's share of net assets	662,305	92,864	199,776	10,550
Acquisition costs capitalised	52,405	–	52,405	–
Goodwill on acquisition	298,336	–	298,336	–
Loss on deemed disposal	(87,049)	–	(87,049)	–
Dividend payment	(186,481)	–	(58,778)	–
Foreign currency translation	111,891	1,899	(41,485)	1,608
Carrying value of investment	851,407	94,763	363,205	12,158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. INVESTMENT IN JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

	Group			
	2022		2021	
	CMAA	Bússola	CMAA	Bússola
	Rp million	Rp million	Rp million	Rp million
Revenue	6,239,079	108,549	4,395,857	78,436
Depreciation and amortisation	(1,936,830)	14	(1,246,646)	5
Interest income	863,973	154	528,103	42
Interest expense	(1,887,120)	(106,026)	(1,021,712)	(55,187)
Other operating expenses	(3,360,931)	5,803	(2,157,594)	(6,272)
(Loss)/profit before tax	(81,829)	8,494	498,008	17,024
Income tax benefit/(expense)	234,520	(12,234)	(34,158)	(8,723)
Profit/(loss) after tax	152,691	(3,740)	463,850	8,301
Other comprehensive income	1,313,745	–	(871,821)	–
Total comprehensive income	1,466,436	(3,740)	(407,971)	8,301

22. OTHER NON-CURRENT ASSETS

	Group		Company	
	2022	2021	2022	2021
	Rp million	Rp million	Rp million	Rp million
Non-current:				
Non-financial assets				
Advances	349,745	365,313	–	–
Prepayments	2,254	2,398	–	–
Others	41,471	54,056	–	–
Total advances and prepayments	393,470	421,767	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. OTHER NON-CURRENT ASSETS (CONT'D)

	Note	Group 2022 Rp million	Group 2021 Rp million	Company 2022 Rp million	Company 2021 Rp million
Financial assets					
Amount due from a subsidiary		–	–	759,000	860,000
Loans to employees		2,163	2,113	–	–
Plasma receivables	32(a)	943,216	1,321,958	–	–
Deposits		22,874	19,884	11	10
Total other non-current receivables		968,253	1,343,955	759,011	860,010
Total other non-current assets		1,361,723	1,765,722	759,011	860,010

Amount due from a subsidiary

The Company has extended a credit facility of Rp759 billion to a subsidiary. The amount of Rp429 billion is repayable in November 2026, while the remaining balance of Rp330 billion is repayable in July 2028. These facilities are non-trade related, unsecured and bears interest at long-term commercial lending rates. The amounts due from this subsidiary is to be settled in cash on the respective due dates.

Loans to employees

The Group provides non-interest bearing loans to officers and employees subject to certain terms and criteria. Such loans, which are being collected through monthly salary deductions over five years, from the date of the loan, are carried at amortised cost using effective interest method, with discount rate of 6.77% (2021: 5.10%) per annum.

Advances and deposits

Advances and deposits mainly relate to utility and rental deposits, advance payments for land and payments made to suppliers and contractors in relation to the purchases of capital equipment and services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. INVENTORIES

	Group 2022 Rp million	Group 2021 Rp million
Balance sheet:		
Raw materials	1,264,845	1,167,578
Finished goods	1,376,694	1,030,315
Spare parts and factory supplies	626,497	457,449
Total inventories at the lower of cost and net realisable value	3,268,036	2,655,342

	Note	Group 2022 Rp million	Group 2021 Rp million
Consolidated statement of comprehensive income:			
Inventories recognised as an expense in cost of sales, net	5	13,160,035	14,572,776
Inclusive of the following charges:			
– Allowance for decline in market value and obsolescence of inventories		134,094	55,461
– Reversal of decline in market value and obsolescence of inventories		(55,771)	(42,267)
	5	78,323	13,194

As at 31 December 2022, inventories are covered by insurance against losses from fire and other risks under a certain policy package with total coverage of Rp1,809.9 billion (2021: Rp1,648.4 billion) which in management's opinion, is adequate to cover possible losses that may arise from such risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. RECEIVABLES

	Note	Group 2022 Rp million	Group 2021 Rp million	Company 2022 Rp million	Company 2021 Rp million
Current:					
Financial assets					
Trade receivables					
Third parties		622,015	686,217	–	–
Related parties		578,199	776,776	–	–
Other receivables					
Plasma receivables	32(a)	3,176	7,112	–	–
Loans to employees		3,158	2,966	–	–
Subsidiary companies		–	–	18,369	42,533
Related parties		1,834	5,332	–	–
Third parties		37,862	44,120	–	–
Others		77,418	41,229	931	541
Total trade and other receivables		1,323,662	1,563,752	19,300	43,074
Non-financial assets					
Advances and prepayments					
Advances to suppliers		476,689	443,138	–	–
Prepayments		13,632	17,136	306	151
Total advances and prepayments		490,321	460,274	306	151
Total receivables		1,813,983	2,024,026	19,606	43,225

Trade receivables are unsecured, non-interest bearing and are generally on 1 to 35 days' terms. All trade receivables will be settled in cash. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group's trade receivables relate to a large number of diversified customers, and there is no concentration of credit risk.

Other receivables from third parties mainly consist of interest receivables from time deposits and current portion of loans to employees and plasma receivables. They are non-interest bearing and unsecured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. RECEIVABLES (CONT'D)

Other receivables from related parties and receivables from subsidiary companies are unsecured, interest-free and are generally settled within the next 12 months in cash.

The Group and Company's receivables denominated in foreign currencies are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Rp million	Rp million	Rp million	Rp million
US Dollars	369,800	63,630	–	20,669
Others	1,158	710	1,158	710

Receivables that are past due but not impaired

The Group has the following trade receivables that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period are as follows:

	Group	
	2022	**2021**
	Rp million	Rp million
Past due but not impaired:		
1 - 30 days	240,903	290,311
31 - 60 days	14,828	50,457
61 - 90 days	4,440	6,916
More than 90 days	41,291	28,298
	301,462	375,982

Receivables that are impaired

The Group's trade receivables that are collectively impaired at the balance sheet date and the movement of the allowance account used to record the impairment are as follows:

	Group	
	2022	**2021**
	Rp million	Rp million
As at 1 January	148	150
Allowance/(write-back) for the year	27	(2)
As at 31 December	175	148

Expected Credit Loss

The Group had assessed that the expected credit loss allowance for trade and other receivables (except plasma receivables) is not significant and hence, accordingly no allowance was made. Information regarding the allowance for the plasma receivables is disclosed in Note 32(a).

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24. RECEIVABLES (CONT'D)

Advances to suppliers

Advances to suppliers represent advance payments to suppliers and contractors in relation to the following purchases:

	Group	
	2022	**2021**
	Rp million	Rp million
Raw materials	441,391	411,719
Factory supplies, spare parts and others	35,298	31,419
	476,689	443,138

Advances to suppliers are unsecured, interest-free and obligations of the suppliers are expected to be fulfilled within the next 12 months.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Rp million	Rp million	Rp million	Rp million
Cash at bank and in hand	788,013	1,422,261	11,012	4,249
Short term deposits	3,639,358	2,341,383	83,609	32,145
Cash and cash equivalents	4,422,371	3,763,644	94,621	36,394

Cash and cash equivalents denominated in foreign currencies are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Rp million	Rp million	Rp million	Rp million
US Dollars	1,287,274	813,762	47,737	12,038
Singapore Dollars	4,313	2,917	3,186	2,332

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods ranging from one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Short-term deposits denominated in US dollars and Rupiah earned interest at annual rates between 0.25% to 4.40% (2021: 0.25% to 1.75%) and 2.25% to 5.50% (2021: 2.30% to 5.00%), respectively.

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26. PAYABLES

	Group		Company	
	2022 Rp million	**2021** Rp million	**2022** Rp million	**2021** Rp million
Current				
Financial liabilities				
Trade payables				
Third parties	995,982	681,998	–	–
Related parties	85,568	72,622	–	–
Other payables and accruals				
Third parties	275,517	271,032	216	1,463
Due to penultimate holding company	91,602	73,770	–	–
Related parties	109,931	100,586	100,678	91,322
Accrued expenses	859,987	756,854	20,887	15,384
Total trade and other payables and accruals	2,418,587	1,956,862	121,781	108,169
Non-financial liabilities				
Contract liabilities				
Third parties	193,975	299,031	–	–
Related parties	4,234	40,000	–	–
Taxes payable	123,061	85,941	–	–
Total advances and other payables	321,270	424,972	–	–
Total payables	2,739,857	2,381,834	121,781	108,169

Trade payables are normally settled on 1 to 60 days credit payment terms. These amounts are unsecured and will be settled in cash. The carrying amounts of the Group's trade payables, other payables and accruals approximate their fair values.

Other payables to penultimate holding company and other payables to related parties are unsecured, repayable on demand and non-interest bearing. These amounts will be settled in cash.

Accrual expenses are mainly for employees' salaries and benefits, interest charges, purchases of FFB and transportation fees.

The Group and Company's payables denominated in foreign currencies are as follows:

	Group		Company	
	2022 Rp million	**2021** Rp million	**2022** Rp million	**2021** Rp million
US Dollars	105,347	94,080	100,678	91,322
Euro	6,199	6,028	–	–
Singapore Dollars	22,234	17,530	21,103	16,847
Others	71	8,749	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. INTEREST-BEARING LOANS AND BORROWINGS

Current loans and borrowings

Description of credit facilities	End of availability period	Amount 2022 Rp million	Amount 2021 Rp million
Rupiah			
Subsidiaries			
Unsecured facility from PT Bank Central Asia Tbk	June 2023	1,193,000	1,242,000
Unsecured facility from PT Bank Mandiri (Persero) Tbk	June 2023	1,650,000	2,068,800
Unsecured facility from PT Bank DBS Indonesia	September 2023	220,000	–
Unsecured facility from PT Bank Tabungan Pensiunan Nasional Tbk	November 2023	1,050,000	1,006,000
Secured facilities from PT Bank Central Asia Tbk[1]	June and September 2023	551,000	551,000
Secured facility from PT Bank DBS Indonesia[1]	September 2023	506,000	451,000
Secured facility from PT Bank Tabungan Pensiunan Nasional Tbk [1]	November 2023	700,000	700,000
Sub-total		5,870,000	6,018,800
Add: current portion of long-term loans		1,042,271	1,227,612
Total		6,912,271	7,246,412

[1] Secured by corporate guarantee from PT SIMP in proportion to its equity ownerships in the subsidiaries.

The Group has unconditional rights to rollover and/or refinance the short-term loans as and when they fall due.

Effective interest rates

The short-term loans denominated in Rupiah bear yearly interest rates ranging from 4.65% to 8.0% (2021: 4.70% to 8.25%) for the year ended 31 December 2022.

Covenants

The above-mentioned credit agreements obtained by the subsidiaries are subject to several negative covenants, which include among others, grant or obtain new loans without prior consent except to subsidiary companies; limit the ability as guarantor or pledge their assets to other parties except to subsidiary companies; sell or dispose-off assets and make new investments in excess of certain thresholds.

Certain subsidiaries are also required to maintain certain financial ratios.

NOTES TO THE FINANCIAL STATEMENTS

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27. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

Current loans and borrowings (cont'd)

Compliance with loan covenants

As at 31 December 2022 and 2021, the Group has complied with all of the covenants of the above-mentioned short-term loans as stipulated in the respective loan agreements or obtained necessary waivers as required by respective loan agreements.

Non-current loans and borrowings

Description of credit facilities	Schedule of instalment and maturities	Amount 2022 Rp million	Amount 2021 Rp million
Rupiah			
Subsidiaries			
Loan for refinancing, investment and working capital			
Secured facility from PT Bank Permata Tbk	September 2023	280,000	750,000
Secured facilities from PT Bank Central Asia Tbk[1]	Quarterly until August 2028	1,940,648	2,940,738
Unsecured facility from PT Bank Maybank Indonesia Tbk	March 2024	450,000	–
Sub-total		2,670,648	3,690,738
US Dollar			
The Company			
Loans for refinancing and investment			
Unsecured facility from Sumitomo Mitsui Banking Corporation, Singapore	Semi-annual until April 2025	615,868	642,105
Sub-total		615,868	642,105
Total		3,286,516	4,332,843
Less: deferred charges on bank loan		(12,187)	(17,532)
Less: current portion		(1,042,271)	(1,227,612)
Total		2,232,058	3,087,699

[1] Secured by corporate guarantee from the PT SIMP in proportion to its equity ownerships in the subsidiaries.

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27. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

Non-current loans and borrowings (cont'd)

Effective interest rates

The long-term loans denominated in Rupiah bear yearly interest rates ranging from 4.95% to 8.00% (2021: 5.75% to 8.25%) for the year ended 31 December 2022. The long-term loans denominated in US Dollar bear yearly interest rates ranging from 1.39% to 5.61% (2021: 1.37% to 1.47%) for the year ended 31 December 2022.

Covenants

The above-mentioned credit agreements obtained by the Group provides for several negative covenants for the Group, which include among others, limit the ability as a guarantor or pledge their assets to other parties except to subsidiary companies; change the current course of their businesses and shareholders except public shareholders; reduce their share capital; grant or obtain new loans which would affect their ability to perform their obligations under the related credit agreements; merge or consolidate with other entity; make new investments and capital expenditures in excess of certain threshold; sell or dispose-off significant portion of their assets used in the operations in excess of certain thresholds.

Certain subsidiaries are also required to maintain certain financial ratios.

Compliance with loan covenants

As at 31 December 2022 and 2021, the Group has complied with all of the covenants of the above-mentioned long-term loans as stipulated in the respective loan agreements or obtained necessary waivers as required by respective loan agreements.

A reconciliation of liabilities arising from financing activities are as follows:

			Non-cash changes			
	31 December 2021 Rp million	**Cash flows** Rp million	**Foreign exchange movement** Rp million	**Amortisation of deferred charges** Rp million	**Other** Rp million	**31 December 2022** Rp million
Current:						
Interest-bearing loans and borrowings	7,246,412	(148,800)	–	–	(185,341)	6,912,271
Non-current:						
Interest-bearing loans and borrowings	3,087,699	(1,109,637)	59,097	9,558	185,341	2,232,058
Total	10,334,111	(1,258,437)	59,097	9,558	–	9,144,329

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

			Non-cash changes			
	31 December 2020 Rp million	**Cash flows** Rp million	**Foreign exchange movement** Rp million	**Amortisation of deferred charges** Rp million	**Other** Rp million	**31 December 2021** Rp million
Current:						
Interest-bearing loans and borrowings	6,583,123	74,800	–	–	588,489	7,246,412
Non-current:						
Interest-bearing loans and borrowings	4,772,696	(1,115,369)	9,906	8,955	(588,489)	3,087,699
Total	11,355,819	(1,040,569)	9,906	8,955	–	10,334,111

The "Other" column relates to reclassification of non-current portion to current.

28. OTHER NON-CURRENT PAYABLES

	Group	
	2022 Rp million	**2021** Rp million
Non-current:		
Financial liabilities		
Due to related parties	603,594	618,913
Non-financial liabilities		
Provision for assets dismantling costs	37,058	39,037
Total other non-current payables	640,652	657,950

The amounts due to related parties represents loans provided to the subsidiaries by their non-controlling shareholders, which are interest bearing, unsecured and not expected to be repaid within 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. OTHER NON-CURRENT PAYABLES (CONT'D)

Provision for assets dismantling costs

Provision for assets dismantling costs represents estimated liabilities for the costs to dismantle, remove and restore the sites of refinery, fractionation and margarine plants located in Jakarta and Surabaya, Indonesia. (Gain)/loss arising from changes in estimates of provision for asset dismantling costs are presented as part of "Other Operating Income" account in the profit or loss, as shown in Note 6 respectively.

The movement in provision for assets dismantling costs are:

	Note	Group 2022 Rp million	Group 2021 Rp million
Balance at 1 January		39,037	39,219
Changes in present value due to the passage of time and discount rates	6	(1,979)	(182)
Balance at 31 December		37,058	39,037

29. EMPLOYEE BENEFITS

Certain subsidiaries of the Group have defined benefit retirement plans covering substantially all of their qualified permanent employees.

The Group's contributions to the funds are computed at 10.0% and 7.0% of the basic pensionable income for staff and non-staff employees, respectively.

On top of the benefits provided under the above-mentioned defined benefit retirement plans, the Group has also recorded additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to the qualified employees, as required under the labor law in Indonesia. The amounts of such additional provisions were determined based on actuarial computations prepared by an independent firm of actuaries using the "Projected Unit Credit" method.

	Note	Group 2022 Rp million	Group 2021 (Restated) Rp million
Employee benefits expenses (including directors):			
Wages and salaries		2,873,573	2,699,701
Provision for employee benefits		229,378	225,377
Contribution to defined contribution pension plan		15,961	16,617
Training and education		59,499	46,964
	8	3,178,411	2,988,659

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29. EMPLOYEE BENEFITS (CONT'D)

As at 31 December 2022, the balance of the related actuarial liability for employee benefits is presented as "Employee benefits liabilities" in the consolidated balance sheet.

Changes in the employee benefit obligations are as follows:

	Group	
	2022	**2021**
	Rp million	Rp million
Benefit obligation at 1 January (As previously reported)	1,892,515	1,913,683
Impact on application of IFRIC Agenda Decision on SFRS(I) 1-19 (Note 2.2)	(84,516)	(87,427)
Benefit obligation at 1 January (As restated)	1,807,999	1,826,256
Benefits paid	(143,503)	(149,231)
Changes charged to profit or loss (restated)		
Current service cost	114,688	124,069
Past service cost	(175,444)	(12,773)
Interest cost on benefit obligations	118,335	118,185
Net actuarial gain recognised during the year	(2,483)	(4,104)
Sub-total	55,096	225,377
Re-measurement gain in other comprehensive income (restated)		
Actuarial changes arising from changes in demographic assumption	(13,079)	–
Actuarial changes arising from changes in financial assumptions	(28,630)	(291)
Experience adjustments	(147,922)	(94,112)
Sub-total	(189,631)	(94,403)
Benefit obligation at 31 December	1,529,961	1,807,999

The principal assumptions used in determining post-employment obligations for the Group's plan are as follows:

Annual discount rate	:	5.2% - 7.4% (2021: 3.0% - 7.5%)
Future annual salary increase	:	4.0% (2021: 4.0%)
Annual employee turnover rate	:	6.0% (2021: 6.0%) for employees under the age of 30 years and linearly decrease until 0% at the age of 52 years
Annual disability rate	:	10% from mortality rate
Retirement age	:	55 years old
Mortality rate reference	:	Indonesian Mortality Table ("IMT") IV

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29. EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis to the principal assumptions used in determining employee benefits obligations are as follows:

	Quantitative sensitivity analysis	
Assumptions	**Increase/(decrease)**	**(Decrease)/increase in the net employee benefits liabilities** Rp million
31 December 2022		
Annual discount rate	100/(100) basis points	(89,372)/108,496
Future annual salary increase	100/(100) basis points	114,768/(95,890)
31 December 2021		
Annual discount rate	100/(100) basis points	(101,594)/115,343
Future annual salary increase	100/(100) basis points	121,367/(108,089)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the employee benefit plan obligation in future years:

	Group	
	2022 Rp million	**2021** Rp million
Within the next 12 months	150,843	380,144
Between 1 and 2 years	136,023	220,054
Between 2 and 5 years	531,417	697,805
Beyond 5 years	7,140,963	7,287,040
Total expected payments	7,959,246	8,585,043

The average duration of the employee benefit plan obligation at the end of the reporting period is 11.0 years (2021: 11.2 years).

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30. SHARE CAPITAL AND TREASURY SHARES

(a) *Share capital*

	Group			
	2022		2021	
	No. of shares	Rp million	No. of shares	Rp million
Balance as at 1 January/31 December	1,447,782,830	3,584,279	1,447,782,830	3,584,279

	Company			
	2022		2021	
	No. of shares	Rp million	No. of shares	Rp million
Balance as at 1 January/31 December	1,447,782,830	10,912,411	1,447,782,830	10,912,411

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction. The ordinary share has no par value.

(b) *Treasury shares*

	Company			
	2022		2021	
	No. of shares	Rp million	No. of shares	Rp million
Balance as at 1 January/31 December	51,878,300	390,166	51,878,300	390,166

Treasury shares relate to ordinary shares of the Company that is held by the Company.

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31. RESERVES

(a) Revenue reserves

	Company 2022 Rp million	Company 2021 Rp million
Retained earnings:		
Balance at 1 January	670,055	635,865
Profit for the year	59,070	34,190
Dividends	(117,815)	–
Balance at 31 December	611,310	670,055

(b) Other reserves

	Company 2022 Rp million	Company 2021 Rp million
Other reserves:		
Balance at 1 January and 31 December	144,152	144,152

Other reserves of the Company pertain to the gain on sale of treasury shares in the previous financial year.

Other reserves of the Group comprise capital reserves of subsidiary companies, gain on sale of treasury shares, re-measurement of employee benefits liabilities and foreign currency translation differences. Movement in the reserves of the Group are shown in the consolidated statement of changes in equity.

(c) Dividends

	Company 2022 Rp million	Company 2021 Rp million
Declared and paid during year:		
Dividends on ordinary shares:		
– Final tax exempt (one-tier) dividend for 2022: 0.8 Singapore cents (2021: nil) per share	117,815	–
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the forthcoming AGM:		
– Final tax exempt (one-tier) dividend for 2022: 0.8 Singapore cents (2021: 0.8 Singapore cents) per share	130,199	117,633

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32. COMMITMENTS AND CONTINGENCIES

(a) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Scheme". Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision of the developer. In line with this requirement, certain subsidiary companies of the Group have commitments to develop plantations under the Plasma Scheme. The funding for the development of the plantations under the Plasma Scheme is provided by the designated banks and/or by the subsidiary companies. This includes the subsidiary companies providing corporate guarantees for the loans advanced by the banks.

When the plasma plantations start to mature, the plasma farmers are obliged to sell all their harvests to the subsidiary companies and a portion of the resulting proceeds will be used to repay the loans from the banks or the subsidiary companies. In situations where the sales proceeds are insufficient to meet the repayment obligations to the banks, the subsidiary companies also provide temporary funding to the plasma farmers to develop the plasma plantations and to repay the instalment and interest payments to the banks. The plasma farmers will repay the temporary funding to the subsidiary companies once the plantations have positive cash flows.

The loans advanced by the banks under the Plasma Scheme are secured by the sales proceeds of FFB of the respective plasma plantations and corporate guarantees from certain subsidiary companies for a maximum amount of Rp289.3 billion (2021: Rp301.0 billion) as at 31 December 2022.

The Group recorded an allowance for uncollectible and adjustments of EIR amortisation of plasma receivables in its consolidated balance sheet amounting to Rp1,358.0 billion (2021: Rp988.7 billion). Based on a review of the plasma receivables of each project as at 31 December 2022, management believes that the above-mentioned allowance for uncollectible plasma receivables is sufficient to cover possible losses arising from the uncollectible plasma receivables.

An analysis of the movement in allowance for uncollectible and adjustments of EIR amortisation of plasma receivables are as follows:

	Group	
	2022	**2021**
	Rp million	Rp million
At 1 January	988,672	640,052
Allowance charge for the year	427,176	543,457
Adjustments of EIR amortisation	(57,792)	(190,930)
Write-off	(53)	(3,907)
At 31 December	1,358,003	988,672

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. COMMITMENTS AND CONTINGENCIES (CONT'D)

(a) Plasma receivables (cont'd)

The accumulated development costs net of funds received are presented as Plasma receivables in the consolidated balance sheet and in the Plantations segment. An analysis of the movement in the plasma receivables are as follows:

	Note	Group 2022 Rp million	Group 2021 Rp million
Balance at 1 January		1,329,070	1,573,669
Allowance and adjustments of EIR amortisation	7	(369,384)	(352,527)
(Decrease)/increase in net investment		(13,294)	107,928
Balance at 31 December	22,24	946,392	1,329,070

(b) Sales commitments

As at 31 December 2022, the Group has sales commitments to deliver the following products to local and overseas customers within one month after the reporting date:

	Unit of measurement	2022	2021
Palm products, rubber, tea, cocoa	Tonnes	22,724	10,072
Oil palm seeds	Unit	36,515	301,106
Seedlings	Unit	300	1,135

(c) Commitments for capital expenditures

As at 31 December 2022, capital expenditure contracted for but not recognised in the financial statements relating to purchase of property, plant and equipment as well as development of plantations amounting to Rp378.2 billion (2021: Rp371.1 billion).

(d) Contingent liabilities

As at 31 December 2022, there are no probable claims against the Group that may cause material impact to the Group.

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33. RELATED PARTY TRANSACTIONS

In addition to those related party information disclosed elsewhere in the relevant notes to the consolidated financial information, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Nature of transactions	Year	A shareholder of the Group Rp million	Related companies[1] Rp million	Other related parties[2] Rp million
Sales of goods	2022	7	6,098,726	2,275,767
	2021	19	5,636,745	3,028,360
Purchases of packaging materials	2022	–	89,923	–
	2021	–	132,860	–
Purchases of services, transportation equipment and spare parts	2022		5,364	87,408
	2021	–	5,356	79,754
Royalty fee expenses	2022	6,975	–	–
	2021	6,515	–	–
Pump services expenses	2022			8,391
	2021	–	–	7,782
Rental expenses	2022	–	41,220	7,744
	2021	–	40,785	8,381
Insurance expenses	2022	–	–	19,927
	2021	–	–	21,032
Other operating income	2022	–	35,897	–
	2021	–	3,853	–
Financial income	2022	–	–	31,881
	2021	–	–	14,135
Financial expenses	2022	–	–	30,442
	2021	–	–	28,735

[1] Transactions with entities under common control.
[2] Transactions with members of Salim Group and its associates.

Compensation of key management personnel of the Group

	2022 Rp million	2021 Rp million
Salaries and short-term employee benefits	195,240	188,291
Termination benefits	3,707	3,016
Post-employment benefits	15,335	15,433
Total compensation paid to the key management personnel	214,282	206,740

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34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group measures non-financial assets, such as biological assets, at fair value at each reporting date.

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.

The following table provides the fair value hierarchy of the Group's assets and liabilities in accordance with the level of inputs to valuation techniques used to measure fair value:

	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	Rp million	Rp million	Rp million
As at 31 December 2022			
Recurring fair value measurements			
Biological assets-timber plantations (Note 13)	–	–	322,743
Biological assets-agricultural produce (Note 13)	–	282,339	487,295
As at 31 December 2021			
Recurring fair value measurements			
Biological assets-timber plantations (Note 13)	–	–	328,344
Biological assets-agricultural produce (Note 13)	–	410,468	462,925

There were no transfers between Level 1 and Level 2, and into or out from Level 3 during the year.

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34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) Fair value hierarchy (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Valuation policy

The Group's financial reporting team in charge of valuation ("Valuation Team") determines the policies and procedures for recurring fair value measurement, such as biological assets and recoverable amounts of CGUs (for goodwill impairment test purpose).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided annually by the Valuation Team after discussion with and approval by the Group's executive directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Valuation Team decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Financial instruments carried at fair value or amortised cost

Plasma receivables and long-term loans to employees are carried at amortised cost using the effective interest method and the discount rates used are the current market incremental lending rate for similar types of lending. The effective yearly interest rates were ranging from 6.77% to 8.03% (2021: 5.10% to 8.58%) for the year ended 31 December 2022.

The carrying amounts of cash and cash equivalents, current trade and other receivables, current trade and other payables and accruals, short-term bank loans and borrowings, and lease liabilities are the approximations of their fair values because they are mostly short-term in nature.

The carrying amounts of long-term loans and borrowings and due to related parties with floating interest rates are the approximations of their fair values as they are re-priced frequently.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is 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 Audit & Risk Management Committee 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 trading in financial instruments shall be undertaken.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk mainly arises from loans and borrowings for working capital and investment purposes. There are no loans and borrowings of the Group at fixed interest rates.

Currently, the Group does not have a formal hedging policy for interest rate exposures.

Sensitivity analysis for interest rate risk

Based on a sensible simulation, with all other variables held constant, sensitivity analysis on the floating interest rate of borrowings are as follows:

Variable	**Increase/ (decrease)**	**2022** **(Decrease)/increase in profit before tax** Rp million	**2021** **(Decrease)/increase in profit before tax** Rp million
Floating interest rate	50/(50) basis points	(Rp19,184)/Rp19,184	(Rp15,929)/Rp15,929

(b) Foreign currency risk

The Group's reporting currency is Indonesian Rupiah. The Group faces foreign exchange risk as its borrowings, export sales and the costs of certain key purchases which are either denominated in the United States Dollars ("USD") or whose price is significantly influenced by their benchmark price movements in foreign currencies (mainly USD) as quoted on international markets. To the extent that the revenue and purchases of the Group are denominated in currencies other than Indonesian Rupiah, and are not evenly matched in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

The Group does not have any formal hedging policy for foreign exchange exposure. Whenever possible, the Group seeks to maintain a natural hedge through the matching of liabilities against assets in the same currency to minimise foreign exchange exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign currency risk (cont'd)

Based on a sensible simulation, with all other variables held constant, sensitivity analysis on the change of exchange rate of Rupiah against USD are as follows:

Variable	Increase/ (decrease)	2022 Increase/(decrease) in profit before tax Rp million	2021 Increase/(decrease) in profit before tax Rp million
Exchange rate of Rupiah against US Dollar	10%/(10%)	Rp93,908/(Rp93,908)	Rp14,176/(Rp14,176)

(c) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to commodity price risk due to certain factors, such as weather, government policy, level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its purchase of CPO where the profit margin on sale of its finished products may be affected if the cost of CPO (which is the main raw material used in the refinery plants to manufacture cooking oils and fats products) increases and the Group is unable to pass such cost increases to its customers.

During 2022 and 2021, it has been the Group's policy that no hedging in financial instruments shall be undertaken.

The Group's policy is to minimise the risks of its raw material costs arising from the fluctuations in the commodity prices by increasing self-sufficiency in CPO for the refinery operations.

(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 has credit risk arising from the credit granted to its customers and plasma farmers and placement of current accounts and deposits in the banks. At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated balance sheet.

Other than as disclosed below, the Group has no concentration of credit risk.

Cash and cash equivalents

Credit risk arising from placements of current accounts and deposits is managed in accordance with the Group's policy. Such limits are set to minimise the concentration of credit risk and therefore mitigate financial loss through potential failure of the banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

Trade receivables

The Group has policies in place to ensure that sales of products are made only to creditworthy customers with proven track record or good credit history. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For export sales, the Group requires cash against the presentation of documents of title. For domestic sales, the Group may grant its customers credit terms from 1 to 35 days from the issuance of invoice. The Group has policies that the limit amount of credit exposure to any particular customer, such as, requiring sub-distributors to provide bank guarantees. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

When a customer fails to make payment within the credit terms granted, the Group will contact the customer to act on the overdue receivables. If the customer does not settle the overdue receivable within a reasonable time, the Group will proceed to commence legal proceedings. Depending on the Group's assessment, specific allowances may be made if the debt is deemed uncollectible. To mitigate credit risk, the Group will cease the supply of all products to customers in the event of late payment and/or default.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type, payment terms and due date).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 22 and 24. The Group does not hold collateral as security or letters of credit and other forms of credit insurance. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in dispersed locations and industries.

Plasma Receivables

As disclosed in Notes 2.9 and 32(a), plasma receivables represent costs incurred for plasma plantation development which include costs for plasma plantations funded by the banks and temporarily self-funded by the subsidiaries awaiting banks' funding.

Plasma receivables also include advances to plasma farmers for loan instalments to the banks, advances for fertilisers and other agriculture supplies. These advances shall be reimbursed by the plasma farmers and the collateral in form of titles of ownership of the plasma plantations will be handed over to the plasma farmers once the plasma receivables have been fully repaid.

The Group through partnership scheme also provides technical assistance to the plasma farmers to maintain the productivity of plasma plantations as part of the Group's strategy to strengthen relationship with plasma farmers, which is expected to improve the repayments of plasma receivables.

An impairment analysis is performed at each reporting date as disclosed in Note 3.1(b) to measure ECL. The Group evaluates the concentration of risk with respect to plasma receivables as low, as the cooperatives are dispersed in accordance with the locations of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

Plasma Receivables (cont'd)

The Group's maximum credit risk exposure to plasma receivables at the reporting date are as follows:

– The carrying amount of each class of financial assets disclosed in Note 22 and 24 in the balance sheets; and
– An amount of Rp289.3 billion (2021: Rp301.0 billion) relating to financial guarantees provided by Nucleus Companies for repayment of plasma farmers' loans to banks (Note 32(a)).

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities in its financial assets and liabilities. The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and borrowings and equity market issues.

The table below summarises the maturity profile of the Group's financial liabilities which included the related interest charges at the end of reporting period based on contractual undiscounted repayment obligations:

	One year or less	**One to five years**	**More than 5 years**	**Total**
	Rp million	Rp million	Rp million	Rp million
Group				
As at 31 December 2022				
Financial liabilities:				
Non-current interest-bearing loans and borrowings	27,221	2,432,438	36,399	2,496,058
Other non-current payables	58,369	657,455	–	715,824
Trade and other payables and accruals	2,418,587	–	–	2,418,587
Current interest-bearing loans and borrowings	7,340,471	–	–	7,340,471
Lease liabilities	46,772	123,039	–	169,811
Total undiscounted financial liabilities	9,891,420	3,212,932	36,399	13,140,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Liquidity risk (cont'd)

	One year or less Rp million	One to five years Rp million	More than 5 years Rp million	Total Rp million
Group				
As at 31 December 2021				
Financial liabilities:				
Non-current interest-bearing loans and borrowings	43,844	3,278,536	271,637	3,594,017
Other non-current payables	650,198	–	–	650,198
Trade and other payables and accruals	1,956,862	–	–	1,956,862
Current interest-bearing loans and borrowings	7,672,980	–	–	7,672,980
Lease liabilities	32,052	11,200	–	43,252
Total undiscounted financial liabilities	10,355,936	3,289,736	271,637	13,917,309

Undiscounted loans and borrowings with floating rates had been determined with reference to the applicable rates as at balance sheet dates.

	One year or less Rp million	One to five years Rp million	More than 5 years Rp million	Total Rp million
Company				
As at 31 December 2022				
Financial liabilities:				
Trade and other payables and accruals	121,781	–	–	121,781
Current interest-bearing loans and borrowings	218,032	12,052	–	230,084
Total undiscounted financial liabilities	339,813	12,052	–	351,865
As at 31 December 2021				
Financial liabilities:				
Trade and other payables and accruals	108,169	–	–	108,169
Current interest-bearing loans and borrowings	644,562	–	–	644,562
Total undiscounted financial liabilities	752,731	–	–	752,731

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

Certain subsidiary companies are required to comply with loan covenants imposed by their lenders, such as maintaining the level of existing share capital. This externally imposed requirement has been complied with by the relevant subsidiary companies for the financial year ended 31 December 2022 and 2021. Additionally, certain subsidiary companies in Indonesia are required by the Corporate Law to maintain a non-distributable reserve until it reaches 20% of the issued and paid share capital. This externally imposed capital requirements are subject to shareholders' consideration at the annual general meeting of these subsidiary companies.

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 years ended 31 December 2022 and 2021.

The Group monitors capital using gearing ratios, by dividing net loans and borrowings with total equity. The Group's policy is to keep the gearing ratio within the range of gearing ratios of leading companies in similar industry in Indonesia in order to secure access to finance at a reasonable cost.

Capital managed by the management includes equity attributable to the majority shareholders of the Company and non-controlling interests.

	Group	
	2022	**2021 (Restated)**
	Rp million	Rp million
Non-current interest-bearing loans and borrowings	2,232,058	3,087,699
Current interest-bearing loans and borrowings	6,912,271	7,246,412
	9,144,329	10,334,111
Less: Cash and cash equivalents	(4,422,371)	(3,763,644)
Net debts	4,721,958	6,570,467
Total equity	23,151,692	21,435,936
Gearing ratio	20%	31%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. SEGMENT INFORMATION

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

Plantations segment

Plantations segment is mainly involved in the development and maintenance of oil palm, rubber and sugar cane plantations and other business activities relating to palm oil, rubber and sugar cane processing, marketing and selling. This segment is also involved in the cultivation of cocoa, tea and industrial timber plantations.

Edible oils and fats segment

Edible oils and fats segment produces, markets and sells edible oil, margarine, shortening and other related products and its derivative products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance expenses and finance income), foreign exchange gain/loss and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between business segments are based on terms agreed between the parties. Segment revenues, segment expenses and segment results include transfers between business segments. Those transfers are eliminated for purposes of consolidation.

Others/eliminations for segment assets and liabilities relates primarily to eliminations between inter-segment receivables and payables, and the Company's assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. SEGMENT INFORMATION (CONT'D)

The following table presents revenue and profit and certain asset and liability information regarding the Group's business segments:

Business segments

	Plantations Rp million	Edible Oils and Fats Rp million	Others/ eliminations Rp million	Total Rp million
Year ended 31 December 2022				
Revenue				
Sales to external customers	5,134,636	12,662,429	–	17,797,065
Inter-segment sales	6,592,674	16,771	(6,609,445)	–
Total sales	11,727,310	12,679,200	(6,609,445)	17,797,065
Share of results of associate companies	2,935	–	(44,216)	(41,281)
Share of results of joint ventures	–	–	51,930	51,930
Segment results	2,092,499	842,227	(25,488)	2,909,238
Net finance expense				(484,366)
Foreign exchange loss				66,615
Impairment loss of property, plant and equipment				(157,425)
Impairment of goodwill				(126,803)
Profit before tax				2,217,908
Income tax expense				(900,151)
Net profit for the year				1,317,757
Assets and liabilities				
Segment assets	29,292,567	6,191,679	(860,379)	34,623,867
Goodwill	3,084,624	–	–	3,084,624
Prepaid taxes				240,588
Deferred tax assets				276,080
Claims for tax refund				40,847
Total assets				38,266,006
Segment liabilities	4,639,158	1,783,200	(2,069,126)	4,353,232
Unallocated liabilities				9,871,378
Deferred tax liabilities				705,515
Income tax payable				184,189
Total liabilities				15,114,314
Other segment information:				
Capital expenditure	1,333,113	127,139	–	1,460,252
Depreciation and amortisation	1,282,634	110,560	80,552	1,473,746
Gain from changes in fair value of biological assets	(136,112)	–	–	(136,112)
Changes in employee benefits	13,498	41,598	–	55,096
Impairment loss of property, plant and equipment	157,425	–	–	157,425
Impairment of goodwill	126,803	–	–	126,803

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

	Plantations (Restated) Rp million	Edible Oils and Fats (Restated) Rp million	Others/ eliminations (Restated) Rp million	Total (Restated) Rp million
Year ended 31 December 2021				
Revenue				
Sales to external customers	3,385,333	16,273,196	–	19,658,529
Inter-segment sales	7,176,019	3,244	(7,179,263)	–
Total sales	10,561,352	16,276,440	(7,179,263)	19,658,529
Share of results of associate companies	(15,230)	–	(45,767)	(60,997)
Share of results of joint ventures	–	–	104,357	104,357
Segment results	2,670,535	480,592	(52,273)	3,098,854
Net finance expense				(560,122)
Foreign exchange loss				(2,312)
Impairment loss of property, plant and equipment				(313,452)
Profit before tax				2,266,328
Income tax expense				(979,793)
Net profit for the year				1,286,535
Assets and liabilities				
Segment assets	28,909,706	4,788,595	84,499	33,782,800
Goodwill	3,211,427	–	–	3,211,427
Prepaid taxes				191,507
Deferred tax assets				383,308
Claims for tax refund				67,164
Total assets				37,636,206
Segment liabilities	3,510,627	1,180,922	(599,735)	4,091,814
Unallocated liabilities				11,133,332
Deferred tax liabilities				665,021
Income tax payable				310,103
Total liabilities				16,200,270
Other segment information:				
Capital expenditure	1,218,333	32,454	–	1,250,787
Depreciation and amortisation	1,272,766	111,420	51,730	1,435,916
Gain from changes in fair value of biological assets	112,690	–	–	112,690
Changes in employee benefits	187,313	38,064	–	225,377
Impairment loss of property, plant and equipment	313,452	–	–	313,452

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. SEGMENT INFORMATION (CONT'D)

Geographical segments

The following table presents sales to customers based on the geographical location of the customers:

	2022 Rp million	2021 Rp million
Region		
Indonesia	14,772,292	16,416,065
China	1,336,650	1,222,751
Singapore	1,125,029	1,519,891
India	333,197	–
Nigeria	58,280	173,464
Timor Leste	38,977	64,412
Germany	36,892	55,158
Philippines	16,709	42,576
Others	79,039	164,212
Segment revenue	17,797,065	19,658,529

The Group's capital expenditure and segment assets are primarily incurred and located in Indonesia.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 22 March 2023.

INTERESTED PERSON TRANSACTIONS

Interested person transactions ("IPT') carried out during the financial year ended 31 December 2022 pursuant to the Shareholders' Mandate obtained under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") by the Group are as follows:

Name of Interested Person	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) Rp billion
PT ISM Group	
• Sales of cooking oil, margarine and others	5,404
• Purchase of goods, services and assets	141
Salim Group	
• Sales of cooking oil, seeds and material	2,276
• Purchases of goods and services	519
• Shareholder loans	1,678
• Corporate guarantees	1,684

Save as disclosed above, there were no additional IPT (excluding transactions of less than S$100,000 each) entered into during the financial year under review pursuant to Rule 907 of the Listing Manual of the SGX-ST.

ESTATE LOCATIONS

No	Company	Estate Name	District	Province	Description
1	Salim Ivomas Pratama Tbk	Kayangan	Rokan Hilir	Riau	Oil Palm Estate
		Kencana	Rokan Hilir	Riau	Oil Palm Estate
		Sungai Dua	Rokan Hilir	Riau	Oil Palm Estate
		Balam	Rokan Hilir	Riau	Oil Palm Estate
2	Cibaliung Tunggal Plantations	Cibaliung	Rokan Hilir	Riau	Oil Palm Estate
3	Gunung Mas Raya	Sungai Rumbia 1	Rokan Hilir	Riau	Oil Palm Estate
		Sungai Rumbia 2	Rokan Hilir	Riau	Oil Palm Estate
		Sungai Bangko	Rokan Hilir	Riau	Oil Palm Estate
4	Indriplant	Napal	Indragiri Hulu	Riau	Oil Palm Estate
5	Serikat Putra	Lubuk Raja	Pelalawan	Riau	Oil Palm Estate
		Bukit Raja	Pelalawan	Riau	Oil Palm Estate
6	Mentari Subur Abadi	Muara Merang	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Mangsang	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Karang Agung	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Hulu Merang	Musi Banyuasin	South Sumatra	Oil Palm Estate
7	Swadaya Bhakti Negaramas	Pulai Gading	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Muara Medak	Musi Banyuasin	South Sumatra	Oil Palm Estate
8	Sarana Inti Pratama	Lindai	Kampar	Riau	Oil Palm Estate & Seed Breeding
9	Citranusa Intisawit	Kedukul	Sanggau	West Kalimantan	Oil Palm Estate
10	Kebun Ganda Prima	Kembayan	Sanggau	West Kalimantan	Oil Palm Estate
		Tayan Hulu	Sanggau	West Kalimantan	Oil Palm Estate
11	Riau Agrotama Plantation	Nanga Silat	Kapuas Hulu	West Kalimantan	Oil Palm Estate
		Kapuas	Kapuas Hulu	West Kalimantan	Oil Palm Estate
12	Citra Kalbar Sarana	Sepauk	Sintang	West Kalimantan	Oil Palm Estate
13	Jake Sarana	Sekubang	Sintang	West Kalimantan	Oil Palm Estate
14	Agrosubur Permai	Manis	Kapuas	Central Kalimantan	Oil Palm Estate
15	Kebun Mandiri Sejahtera	Mariango	Pasir Utara	East Kalimantan	Oil Palm Estate
		Penajam	Pasir Utara	East Kalimantan	Oil Palm Estate
16	Hijaupertiwi Indah Plantations	Lupak Dalam	Kapuas	Central Kalimantan	Oil Palm Estate
		Bunga Tanjung	Kapuas	Central Kalimantan	Oil Palm Estate
		Kuala Kapuas	Kapuas	Central Kalimantan	Oil Palm Estate
17	Cangkul Bumisubur	Bumi Subur	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Bukit Indah	Musi Banyuasin	South Sumatra	Oil Palm Estate
18	Pelangi Intipertiwi	Mancang	Musi Banyuasin	South Sumatra	Oil Palm Estate
19	Intimegah Bestari Pertiwi	Sungai Ampalau	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Megah Abadi	Musi Banyuasin	South Sumatra	Oil Palm Estate
20	Gunta Samba	Ampanas 1	Kutai Timur	East Kalimantan	Oil Palm Estate
		Ampanas 2	Kutai Timur	East Kalimantan	Oil Palm Estate
		Pengadan	Kutai Timur	East Kalimantan	Oil Palm Estate
		Elang	Kutai Timur	East Kalimantan	Oil Palm Estate
21	Multi Pacific International	Peridan	Kutai Timur	East Kalimantan	Oil Palm Estate
		Kerayaan	Kutai Timur	East Kalimantan	Oil Palm Estate
		Cipta Graha	Kutai Timur	East Kalimantan	Oil Palm Estate
		Muara Bulan	Kutai Timur	East Kalimantan	Oil Palm Estate
		Baay	Kutai Timur	East Kalimantan	Oil Palm Estate
22	Mitra Intisejati Plantation	Bengkayang	Sambas	West Kalimantan	Oil Palm Estate
23	PP London Sumatra Indonesia Tbk	Begerpang	Deli Serdang	North Sumatra	Oil Palm Estate
		Sei Merah	Deli Serdang	North Sumatra	Oil Palm Estate
		Rambong Sialang	Serdang Bedagai	North Sumatra	Oil Palm Estate
		Bungara	Langkat	North Sumatra	Oil Palm Estate
		Turangie	Langkat	North Sumatra	Oil Palm Estate
		Pulo Rambong	Langkat	North Sumatra	Oil Palm Estate

ESTATE LOCATIONS

No	Company	Estate Name	District	Province	Description
23	PP London Sumatra Indonesia Tbk	Bah Lias	Simalungun	North Sumatra	Oil Palm Estate & Seed Breeding
		Bah Bulian	Simalungun	North Sumatra	Oil Palm Estate
		Dolok	Batubara	North Sumatra	Oil Palm Estate
		Gunung Malayu	Asahan	North Sumatra	Oil Palm Estate
		Sibulan	Serdang Bedagai	North Sumatra	Oil Palm Estate
		Sei Rumbiya	Labuhan Batu Selatan	North Sumatra	Oil Palm & Rubber Estate
		Tirta Agung	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Budi Tirta	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Suka Damai	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Sei Punjung	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Suka Bangun	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Bangun Harjo	Musi Banyuasin	South Sumatra	Oil Palm Estate
		Riam Indah	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Sei Lakitan	Musi Rawas & Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Sei Gemang	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Gunung Bais	Musi Rawas	South Sumatra	Oil Palm Estate
		Pering Permai	Musi Rawas	South Sumatra	Oil Palm Estate
		Mentari Kulim	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Kelingi Lestari	Musi Rawas	South Sumatra	Oil Palm Estate
		Sei Kepayang	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Ketapat Bening	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Belani Elok	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Batu Cemerlang	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Bukit Hijau	Musi Rawas Utara	South Sumatra	Oil Palm Estate
		Terawas Indah	Musi Rawas	South Sumatra	Oil Palm Estate
		Arta Kencana	Lahat	South Sumatra	Oil Palm Estate
		Kencana Sari	Lahat	South Sumatra	Oil Palm Estate
		Tulung Gelam	Ogan Komering Ilir	South Sumatra	Rubber Estate
		Kubu Pakaran	Ogan Komering Ilir	South Sumatra	Rubber Estate
		Bebah Permata	Ogan Komering Ilir	South Sumatra	Rubber Estate
		Isuy Makmur	Kutai Barat	East Kalimantan	Oil Palm Estate
		Pahu Makmur	Kutai Barat	East Kalimantan	Oil Palm Estate
		Kedang Makmur	Kutai Barat	East Kalimantan	Oil Palm Estate
		Jelau Makmur	Kutai Barat	East Kalimantan	Oil Palm Estate
		Tanjung Makmur	Kutai Barat	East Kalimantan	Oil Palm Estate
		Balombissie	Bulukumba	South Sulawesi	Rubber Estate
		Palang Isang	Bulukumba	South Sulawesi	Rubber Estate
		Pungkol	Minahasa	North Sulawesi	Cocoa Estate
		Alas Sukses	Banyuwangi	East Java	Cocoa Estate
		Kertasarie	Bandung	West Java	Tea Estate
		Pasir Luhur	Cianjur	West Java	Tea Estate
24	Lajuperdana Indah	Komering Sugar	Ogan Komering Ulu Timur	South Sumatra	Sugar Cane Estate
25	Madusari Lampung Indah	Madusari	Ogan Komering Ulu Timur	South Sumatra	Sugar Cane Estate
26	Sumalindo Alam Lestari	–	Berau	East Kalimantan	Industrial Timber Plantation
		–	Kutai Timur	East Kalimantan	Industrial Timber Plantation
27	Wana Kaltim Lestari	–	Berau	East Kalimantan	Industrial Timber Plantation

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2023

Number of Issued Shares	:	1,447,782,830
Number of Issued Shares (excluding Treasury Shares)	:	1,395,904,530 ordinary shares
Number/Percentage of Treasury Shares	:	51,878,300 (3.58%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	20	0.38	526	0.00
100 – 1,000	613	11.77	382,778	0.03
1,001 – 10,000	2,907	55.82	16,901,225	1.21
10,001 – 1,000,000	1,650	31.68	83,593,596	5.99
1,000,001 and above	18	0.35	1,295,026,405	92.77
TOTAL	5,208	100.00	1,395,904,530	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%**
1	UOB KAY HIAN PRIVATE LIMITED	1,019,465,030	73.03
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	135,162,300	9.68
3	CITIBANK NOMINEES SINGAPORE PTE LTD	30,332,943	2.17
4	HSBC (SINGAPORE) NOMINEES PTE LTD	22,015,945	1.58
5	OCBC SECURITIES PRIVATE LIMITED	20,807,345	1.49
6	RAFFLES NOMINEES (PTE.) LIMITED	17,168,451	1.23
7	DBS NOMINEES (PRIVATE) LIMITED	14,249,250	1.02
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,947,200	0.64
9	SCS TRUST PTE. LTD.	6,000,000	0.43
10	MORPH INVESTMENTS LTD	4,723,100	0.34
11	PHILLIP SECURITIES PTE LTD	3,960,600	0.28
12	MAYBANK SECURITIES PTE. LTD.	3,834,228	0.27
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,787,100	0.13
14	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	1,731,307	0.12
15	CHUA KEE TEE	1,600,000	0.11
16	TAY BOON HUAT	1,117,600	0.08
17	ABN AMRO CLEARING BANK N.V.	1,105,006	0.08
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,019,000	0.07
19	KIM TOON PRIVATE LIMITED	980,000	0.07
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	846,923	0.06
	TOTAL	**1,296,853,328**	**92.88**

** *Percentage is calculated based on 1,395,904,530 shares (excluding treasury shares of the Company).*

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2023

LIST OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

Name of Substantial Shareholder	Number of shares held Direct Interest	Deemed Interest	Total Interest	Shareholding % **
Indofood Singapore Holdings Pte. Ltd. ("**ISHPL**")	998,200,000	–	998,200,000	71.51
PT Indofood Sukses Makmur Tbk ("**PT ISM**") [1]	171,829,530	998,200,000	1,170,029,530	83.82
First Pacific Investment Management Limited ("**FPIML**") [2]	–	1,170,029,530	1,170,029,530	83.82
First Pacific Company Limited ("**First Pacific**") [2]	–	1,170,029,530	1,170,029,530	83.82
First Pacific Consumer Products Investments Limited ("**FPCPIL**") [3]	–	1,170,029,530	1,170,029,530	83.82
First Pacific Consumer Products Limited ("**FPCP**") [4]	–	1,170,029,530	1,170,029,530	83.82
First Pacific Investments Limited ("**FPIL**") [5]	1,125,344	1,170,029,530	1,171,154,874	83.90
First Pacific Investments (B.V.I.) Limited ("**FPIL BVI**") [5]	882,444	1,170,029,530	1,170,911,974	83.88
Salerni International Limited ("**Salern**i") [5] [6]	–	1,170,911,974	1,170,911,974	83.88
Asian Capital Finance Limited ("**ACFL**") [7]	–	1,171,154,874	1,171,154,874	83.90
Anthoni Salim [8]	–	1,172,037,318	1,172,037,318	83.96

Notes:

** *Percentage is calculated based on 1,395,904,530 shares (excluding treasury shares of the Company).*

(1) *PT ISM is a holding company of ISHPL with an interest of approximately 83.84% of the total number of issued shares in ISHPL. Accordingly, PT ISM is deemed to be interested in the Shares held by ISHPL.*

(2) *FPIML, a sister subsidiary indirectly wholly owned by First Pacific, had acquired an approximate 50.1% interest in PT ISM from CAB Holdings Limited on 29 March 2018. Accordingly, both FPIML and First Pacific are deemed to be interested in the Shares held by ISHPL and PT ISM.*

(3) *FPCPIL owns 100% of the issued share capital of FPIML. Accordingly, FPCPIL is deemed to be interested in the Shares held by ISHPL and PT ISM.*

(4) *FPCP owns 100% of the issued share capital of FPCPIL. Accordingly, FPCP is deemed to be interested in the Shares held by ISHPL and PT ISM.*

(5) *FPIL, together with FPIL BVI and Salerni, collectively own not less than 20% of the issued share capital of First Pacific. Accordingly, FPIL, FPIL BVI and Salerni are deemed to be interested in the Shares held by ISHPL and PT ISM.*

(6) *Salerni owns 100% of the issued share capital of FPIL BVI. Accordingly, Salerni is deemed to be interested in the Shares held by ISHPL, PT ISM and FPIL BVI.*

(7) *ACFL owns more than 50% of the issued share capital of FPIL. Accordingly, ACFL is deemed to be interested in the Shares held by ISHPL, PT ISM and FPIL.*

(8) *Mr Anthoni Salim owns 100% of the issued share capital of Salerni and ACFL. Accordingly, Mr Anthoni Salim is deemed interested in the Shares held by ISHPL, PT ISM, FPIL and FPIL BVI.*

PUBLIC FLOAT

Based on the information available to the Company as at 15 March 2023, approximately 16.00% of the issued ordinary shares of the Company is held by the public. Therefore, the public float requirement under Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held by way of electronic means (see Important Notes 1 to 8) on Friday, 14 April 2023 at 3.00 p.m. (Singapore Time), to transact the following business.

This Notice of AGM has been published on the Company's website at http://www.indofoodagri.com/ir-agm.html and the SGX website on 29 March 2023. A printed copy of this Notice will NOT be despatched to shareholders.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' statement and audited financial statements for the financial year ended 31 December 2022 and the Auditors' Report thereon. [Resolution 1]

2. To declare a final tax-exempt (one-tier) dividend of 0.8 Singapore cent per ordinary share for the financial year ended 31 December 2022 (2021: 0.8 Singapore cent). [Resolution 2]

3. To approve the Directors' Fees of S$365,000 for the financial year ended 31 December 2022 (2021: S$345,000). [Resolution 3]

4. To re-elect the following Directors who will be retiring by rotation under Regulation 111 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   4(a) Mr Tjhie Tje Fie [Resolution 4a]
   4(b) Mr Mark Julian Wakeford [Resolution 4b]

   Mr Hendra Susanto who will also be retiring as a director at the forthcoming AGM under Regulation 111 has indicated to the Company that he will not be seeking re-election and wish to retire at the AGM.

5. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. [Resolution 5]

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Resolutions numbered 6 to 8 as Ordinary Resolutions:

6. The general mandate for issues of shares

   That authority be and is hereby given to the directors of the Company to:

   (i) (aa) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (bb) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

   (ii) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution),

NOTICE OF ANNUAL GENERAL MEETING

Provided that:

(iii) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares, excluding treasury shares and subsidiary holdings in each class (as calculated in accordance with paragraph (iv) below), and provided further that where Shareholders are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings in each class (as calculated in accordance with paragraph (iv) below);

(iv) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of the Shares and convertible securities that may be issued under paragraph (iii) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company excluding treasury shares and subsidiary holdings at the time such authority was conferred, after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities;

(bb) new Shares arising from exercising share options or the vesting of share awards; and

(cc) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(v) in this Resolution, "**subsidiary holdings**" shall refer to Shares of the Company held by any subsidiary of the Company in accordance with the provisions of the Companies Act 1967 (the "**Companies Act**"); and

(vi) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. [Resolution 6]

7. The proposed renewal of the shareholders' mandate on Interested Person Transactions

That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company and its subsidiaries and associated companies (if any) which are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Company's Addendum to Shareholders dated 29 March 2023 (being an addendum to the Annual Report of the Company for the financial year ended 31 December 2022) (the "**Addendum**"), with any party who is of the class of Interested Persons described in the Addendum, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such Interested Person Transactions as set out in the Addendum (the "**Proposed IPT Mandate**");

That the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

That the Audit & Risk Management Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

NOTICE OF ANNUAL GENERAL MEETING

That the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may in their discretion deem necessary, desirable or expedient in the interests of the Company to give effect to the Proposed IPT Mandate and/or this Resolution. [Resolution 7]

8. The proposed renewal of the Share Purchase Mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, as may be amended or modified from time to time, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") 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 consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means 6% of the total number of issued Shares of the Company (excluding subsidiary holdings in each class and any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price (as defined hereinafter),

NOTICE OF ANNUAL GENERAL MEETING

where:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during such five-Market Day period and the day on which the purchases are made;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition 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;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

"**subsidiary holdings**" shall refer to Shares of the Company held by any subsidiary of the Company in accordance with the provisions of the Companies Act; and

(d) 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 in their discretion deem necessary, desirable or expedient in the interests of the Company to give effect to the transactions contemplated by this Resolution. [Resolution 8]

9. To transact any other routine business.

By Order of the Board

MAK MEI YOOK
LEE SIEW JEE, JENNIFER
Company Secretaries

Singapore
Date: 29 March 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

RESOLUTION 2:
Resolution 2 is to approve the final dividend. The Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 28 April 2023, for the purpose of determining shareholders' entitlements to the final dividend. Registrable transfers received up to 5.00 p.m. on 28 April 2023 will be entitled to the final dividend.

The final dividend, if approved by shareholders at the AGM, will be paid on 10 May 2023.

RESOLUTION 4a:
Upon re-election, Mr Tjhie Tje Fie will continue as Non-Executive Director of the Company and a member of each of the Remuneration and Nominating Committees. The appointment was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his requisite experience and capability, as well as his attendance, participation and contribution to the Board.

RESOLUTION 4b:
Upon re-election, Mr Mark Julian Wakeford will continue as Executive Director and the Chief Executive Officer of the Company. The appointment was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his requisite experience and capability, as well as his attendance, participation and contribution to the Board.

Detailed information on these two directors seeking re-election (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST can be found under "Board of Directors" and "Supplemental Information on Directors Seeking Re-election at the 2023 AGM" in the Company's Annual Report 2022.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

RESOLUTION 6:
The ordinary resolution proposed in Resolution 6 above, if passed, will empower the directors of the Company from the date of the above Meeting until the next AGM, to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50%, with a sub-limit ("**Sub-Limit**") of 20% for issues other than on a pro rata basis to all Shareholders, provided that the aggregate number of Shares which may be issued pursuant to Resolution 6 above shall not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury Shares and subsidiary holdings in each class) at the time that the Resolution is passed. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time that the Resolution 6 above is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the Resolution 6 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

Shareholders should note that presently, the controlling shareholders of the Company include First Pacific Company Limited and PT Indofood Sukses Makmur Tbk, which are listed on the Hong Kong Stock Exchange Limited and the Indonesia Stock Exchange (Bursa Efek Indonesia), respectively. Prior to any exercise of the authority conferred upon them by the ordinary resolution in Resolution 6 above, the directors of the Company intend to take into account, inter alia, any approval that may be required from any such controlling shareholders and/or their respective shareholders and/or from such stock exchanges.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the offering documents for the issue of shares and Instruments pursuant to such authority may NOT be despatched to Shareholders with registered addresses outside Singapore as at the applicable books closure date and who have not, by the stipulated period prior to the books closure date, provided to The Central Depository (Pte) Limited or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents.

RESOLUTION 7:
The ordinary resolution proposed in Resolution 7 above, if passed, will empower the directors of the Company to enter into Interested Person Transactions, more information of which is set out in the Addendum. Such authority will, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company and Shareholders' approval will be sought for its renewal at every AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 8:
The ordinary resolution proposed in Resolution 8 above, if passed, will empower the directors of the Company to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of up to 6% of the total number of issued Shares as at the date of the above Meeting at the price up to but not exceeding the Maximum Price (as defined in the Resolution). The rationale for the Share Purchase Mandate, the source of funds to be used for the Share Purchase Mandate, the impact of the Share Purchase Mandate on the Company's financial position, the implications arising as a result of the Share Purchase Mandate under The Singapore Code on Take-overs and Mergers and on the listing of the Company's Shares on the SGX-ST, as well as the number of Shares purchased by the Company in the previous twelve months are set out in the Addendum.

IMPORTANT NOTES:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to shareholders. Instead, this Notice of AGM will be published on the Company's website at http://www.indofoodagri.com/ir-agm.html and the SGX website at https://www.sgx.com/securities/company-announcements**.**

2. Alternative arrangements relating to:

   (a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream);

   (b) submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and addressing of substantial and relevant questions in advance of, or at, the AGM; and

   (c) voting via electronic means at the AGM (i) by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) to vote on their behalf at the AGM; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM.

   are set out in the accompanying Company's announcement dated 29 March 2023. The announcement together with the Proxy Form may be accessed on the Company's website at http://www.indofoodagri.com/ir-agm.html and the SGX website at https://www.sgx.com/securities/company-announcements on the same day.

3. The AGM will be convened by way of electronic means. The shareholders will not be able to attend the AGM in person. A member who wishes to exercise his/her/its voting rights at the AGM may:

   (a) vote via electronic means at the AGM; or

   (b) appoint a proxy(ies) (other than the Chairman of the AGM) to attend, speak and vote at the AGM on their behalf; or

   (c) appoint the Chairman of the AGM as proxy to attend, speak and vote at the AGM on their behalf.

   The proxy(ies) may vote or abstain as the proxy(ies) deems fit on the resolution if no voting instruction is specified, and on any other matter arising at the AGM.

4. CPF or SRS Investors:

   (a) may vote via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as his/her/its proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. (Singapore Time) on 4 April 2023.

5. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

NOTICE OF ANNUAL GENERAL MEETING

6. A proxy need not be a member of the Company.

7. The instrument appointing a proxy(ies) must be submitted to the Company by 3.00 p.m. (Singapore Time) on 11 April 2023 (not less than 72 hours before the time appointed for holding the Meeting), in the following manner:

   - if by electronically, be submitted via email to IFARagm2023@boardroomlimited.com; or

   - if by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

   A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before scanning and sending it by email to the email address provided above; or before submitting it by post to the address provided above.

8. The following documents are made available to shareholders on 29 March 2023 together with this Notice of AGM on the Company's website at http://www.indofoodagri.com/ir-agm.html and the SGX website at https://www.sgx.com/securities/company-announcements.

   (a) the Annual Report for the financial year ended 31 December 2022;

   (b) the Addendum in respect of the Proposed Renewal of the IPT Mandate and Proposed Renewal of the Share Purchase Mandate dated 29 March 2023; and

   (c) the Proxy Form.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy/proxies to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy/proxies for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 2023 AGM

Messrs Tjhie Tje Fie and Mark Julian Wakeford are the Directors seeking re-election at the AGM of the Company on 14 April 2023 (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is as follow:

Name of Director	**Tjhie Tje Fie ("TT")**
Date of appointment	8 December 2006
Date of last re-appointment (if applicable)	28 April 2021
Age	59
Country of principal residence	Indonesia
The Board's comments on this re-appointment (including rationale, select criteria, and the search and nomination process)	The appointment was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his requisite experience and capability, as well as his attendance, participation and contribution at the Board.
Whether Board appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member)	- Non-Executive Director - Members of Remuneration Committee ("RC") & NC
Academic/ Professional qualifications	He has a Bachelor's degree in Accounting from the Perbanas Banking Institute in Jakarta.
Working experience and occupation(s) during the past 10 years	He is a Director of PT Indofood Sukses Makmur Tbk, where he supervises all financial operations and heads the Corporate Secretary Division.
Any relationship (including immediate family relationships) with any existing Director/ existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder of the Company or any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Other Principal Commitments including Directorships	
Past 5 years	None
Present	Year 2004 to present - PT Indofood Sukses Makmur Tbk (Director) Year 2009 to present – PT Indofood CBP Sukses Makmur Tbk (Director) Year 2009 to present – PT Salim Ivomas Pratama Tbk (President Commissioner)
The Retiring Director has provided an undertaking as set out in Appendix 7.7 under Rule 720(1) of SGX-ST. The Retiring Director has also confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 to the Listing Manual of the SGX-ST, the answer is "No". The disclosure on prior experience as a Director of an issuer listed on the Exchange and details of prior experience is not applicable as this disclosure is only applicable to the appointment of a new Director.	

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 2023 AGM

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is as follow:

Name of Director	**Mark Julian Wakeford ("MW")**
Date of appointment	14 August 2007
Date of last re-appointment (if applicable)	28 April 2021
Age	59
Country of principal residence	Singapore
The Board's comments on this re-appointment (including rationale, select criteria, and the search and nomination process)	The appointment was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his requisite experience and capability, as well as his attendance, participation and contribution at the Board.
Whether Board appointment is executive, and if so, the area of responsibility	Executive He is the Chief Executive Officer ("CEO") of the Company and is responsible for setting the direction, formulating corporate strategies and overall management of the Group's businesses.
Job Title (e.g. Lead ID, AC Chairman, AC Member)	CEO and Executive Director
Academic/ Professional qualifications	He was trained and qualified as a Chartered Accountant in London, England. He also attended the Senior Executive Programme at the London Business School.
Working experience and occupation(s) during the past 10 years	He is the CEO of the Company and a Director of PT Indofood CBP Sukses Makmur Tbk, where he heads the Investor Relations Division.
Any relationship (including immediate family relationships) with any existing Director/ existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder of the Company or any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Other Principal Commitments including Directorships	
Past 5 years	None
Present	Year 2019 to present - PT Indofood CBP Sukses Makmur Tbk (Director) Year 2007 to present - PT Salim Ivomas Pratama Tbk (President Director) Year 2013 to present - Companhia Mineira de Açúcar e Álcool Participaçõe (Director)
The Retiring Director has provided an undertaking as set out in Appendix 7.7 under Rule 720(1) of SGX-ST. The Retiring Director has also confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 to the Listing Manual of the SGX-ST, the answer is "No". The disclosure on prior experience as a Director of an issuer listed on the Exchange and details of prior experience is not applicable as this disclosure is only applicable to the appointment of a new Director.	

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 2023 AGM

Messrs Tjhie Tje Fie and Mark Julian Wakeford are the Directors seeking re-election have individually given a negative confirmation on each of the items (a) to (k) set out in Appendix 7.4.1 under Rule 720(6) of the SGX-ST Listing Manual.

Rule 720(6) of the SGX-ST Listing Manual		TT	MW
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 2023 AGM

Rule 720(6) of the SGX-ST Listing Manual		TT	MW
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— (i) any corporation which has been investigated for a breach of any law or regulatory requirement Governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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PROXY FORM

INDOFOOD AGRI RESOURCES LTD.
(Company Registration No. 200106551G)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM and Proxy Form will be made available to members on the Company's website at http://www.indofoodagri.com/ir-agm.html and the SGX website at https://www.sgx.com/securities/company-announcements on 29 March 2023.
2. Alternative arrangements relating to, among others, attendance (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions in advance of, or at, the AGM, and/or voting at the AGM are set out in the Company's announcement dated 29 March 2023, which has been uploaded together with this Proxy Form on the Company's website and the SGX website on the same day.
3. The AGM will be convened by way of electronic means. There will be no attendance in person at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may vote via electronic means at the AGM or appoint proxy(ies) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.
4. This proxy form is not valid for use by investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) ("**Investor**") (including investors holding through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF and SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF and SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 3.00 p.m. on 4 April 2023, being 7 working days before the date of the AGM to submit his/her voting instructions.
5. 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 AGM dated 29 March 2023.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the proxy(ies).

*I/We ______________________ (Name) ______________________ (NRIC/Passport/Co. Reg No.)

of ____ (Address)

being a *member/members of Indofood Agri Resources Ltd., hereby appoint:

Name	**Address**	**Email Address**	**NRIC/Passport Number**	**Proportion of shareholdings**	
				No. of Shares	**%**

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on Friday, 14 April 2023 at 3.00 p.m., and at any adjournment thereof.

(Voting will be conducted by poll. If you wish for your proxy(ies) to cast all your votes for or against a resolution, please indicate with a "√" in the space provided under "For" or "Against". If you wish your proxy(ies) to abstain from voting on a resolution, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares that your proxy(ies) is directed to vote "For" or "Against" or to abstain from voting. **In the absence of specific directions, the appointment of the proxy(ies) will be treated as invalid.**)

No.	**Resolution**	**For**	**Against**	**Abstain**
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' statement and audited financial statements for the financial year ended 31 December 2022 and the Auditor's Report thereon.			
2.	To declare a final tax-exempt (one-tier) dividend of 0.8 Singapore cent per ordinary share for the financial year ended 31 December 2022 (2021: 0.8 Singapore cent).			
3.	To approve the Directors' Fees of S$365,000/- for the financial year ended 31 December 2022 (2021: S$345,000/-).			
4a.	To re-elect Mr Tjhie Tje Fie, the Director who retires under Regulation 111 of the Company's Constitution.			
4b.	To re-elect Mr Mark Julian Wakeford, the Director who retires under Regulation 111 of the Company's Constitution.			
5.	To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.			
	SPECIAL BUSINESS			
6.	To approve the general mandate for issues of shares.			
7.	To approve the proposed renewal of the Mandate for Interested Person Transactions.			
8.	To approve the proposed renewal of the Share Purchase Mandate.			

Signed this __________ day of ________________ 2023

Number of ordinary shares	

** Delete where appropriate*

____
Signature(s) of Member(s)/Common Seal

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 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the depository register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

(2) The AGM will be convened by way of electronic means. There will be no attendance in person at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may vote via electronic means at the AGM or appoint the proxy(ies) as his/her/its proxy to attend, speak and vote via electronic means on his/her/its behalf at the AGM. The proxy(ies) need not be a member of the Company.

In appointing the proxy(ies), a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

(3) The instrument appointing a proxy(ies) as proxy must be submitted to the Company by 3.00 p.m. on 11 April 2023 (not less than 72 hours before the time appointed for holding the Meeting), in the following manner:

- if by electronically, via email to IFARagm2023@boardroomlimited.com; or
- if by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or before submitting it by post to the address provided above.

CPF or SRS Investors:

(a) may vote via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as his/her/its proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. on 4 April 2023.

(4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or under the hand of its attorney. A body corporate which is a member may also appoint an authorised representative or representatives in accordance with its Constitution and Section 179 of the Companies Act 1967, to attend and vote for and on behalf of such body corporate.

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

(6) Any reference to a time of day is made by reference to Singapore time.

Personal Data Privacy

By attending the AGM of the Company and/or any adjournment thereof or 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 AGM dated 29 March 2023.

INDOFOOD AGRI RESOURCES Ltd.
8 Eu Tong Sen Street,
#16-96/97 The Central, Singapore 059818
Tel: +65 6557 2389 Fax: +65 6557 2387
Company Reg. No. 200106551G

a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS