

## CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 & RELATED ANNOUNCEMENT

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## Condensed Interim Consolidated Statement of Comprehensive Income

	Note	1H2023 Rp 'million	1H2022 Rp 'million	Change %
Revenue	4	7,608,499	8,072,854	(5.8)
Cost of sales		(6,375,597)	(5,909,934)	7.9
<b>Gross profit</b>		<b>1,232,902</b>	<b>2,162,920</b>	<b>(43.0)</b>
Gross profit %		16.2%	26.8%	
Selling and distribution expenses		(234,980)	(206,110)	14.0
General and administrative expenses		(394,582)	(417,154)	(5.4)
Foreign exchange (loss)/gain		(42,029)	7,557	n/m
Other operating income		58,318	72,858	(20.0)
Other operating expenses		(52,968)	(267,640)	(80.2)
Share of results of associate companies		(39,703)	(23,608)	68.2
Share of results of joint ventures		(14,738)	(36,273)	(59.4)
Loss arising from changes in fair value of biological assets		(44,602)	(107,754)	(58.6)
<b>Profit from operations</b>		<b>467,618</b>	<b>1,184,796</b>	<b>(60.5)</b>
Financial income		82,293	42,041	95.7
Financial expenses		(308,891)	(279,764)	10.4
<b>Profit before tax</b>	5	<b>241,020</b>	<b>947,073</b>	<b>(74.6)</b>
Income tax expenses	6	(148,321)	(405,091)	(63.4)
<b>Net profit for the period</b>		<b>92,699</b>	<b>541,982</b>	<b>(82.9)</b>
<b>Core profit after tax <sup>(1)</sup></b>		<b>172,457</b>	<b>816,114</b>	<b>(78.9)</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company		88,647	251,972	(64.8)
Non-controlling interests		4,052	290,010	(98.6)
		<b>92,699</b>	<b>541,982</b>	<b>(82.9)</b>
<b>Other comprehensive income ("OCI"):</b>				
<b>Items that may be reclassified to profit or loss in subsequent periods</b>				
Foreign currency translation		19,465	61,843	(68.5)
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>				
Re-measurement loss of employee benefits liabilities		(3,703)	(626)	491.5
Share of OCI of an associate company and joint ventures		24,742	229,939	(89.2)
<b>Other comprehensive income, net of tax</b>		<b>40,504</b>	<b>291,156</b>	<b>(86.1)</b>
<b>Total comprehensive income</b>		<b>133,203</b>	<b>833,138</b>	<b>(84.0)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		130,913	542,940	(75.9)
Non-controlling interests		2,290	290,198	(99.2)
		<b>133,203</b>	<b>833,138</b>	<b>(84.0)</b>
<b>Earnings per share (in Rupiah)</b>				
Basic (Rp)	7	64	181	(64.8)
Diluted (Rp)		64	181	(64.8)

### Notes

n/m denotes "Not Meaningful"

- (1) Net profit before accounting for the effects of foreign exchange, fair value (loss)/gain on biological assets, expected credit losses of plasma receivables, impairment of property, plant and equipment, and rationalization costs.

## Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30/06/2023 Rp 'million	31/12/2022 Rp 'million	30/06/2023 Rp 'million	31/12/2022 Rp 'million
<b>Non-current assets</b>					
Biological assets	3	322,985	322,743	–	–
Property, plant and equipment	9	17,904,609	18,135,698	20,262	21,848
Right-of-use assets	9	2,023,122	2,058,633	–	–
Goodwill	3, 10	3,084,624	3,084,624	–	–
Claims for tax refund		35,754	40,847	–	–
Deferred tax assets	11	281,941	276,080	–	–
Investment in subsidiary companies	12.1	–	–	10,707,410	10,707,410
Investment in associate companies	12.2	1,442,489	1,487,071	439,254	439,254
Investment in joint ventures	12.3	918,067	946,170	–	–
Amount due from a subsidiary		–	–	611,000	759,000
Advances and prepayments		420,112	393,470	–	–
Other non-current receivables		1,024,873	968,253	11	11
<b>Total non-current assets</b>		<b>27,458,576</b>	<b>27,713,589</b>	<b>11,777,937</b>	<b>11,927,523</b>
<b>Current assets</b>					
Inventories		3,102,858	3,268,036	–	–
Trade and other receivables		853,866	1,323,662	188,898	19,300
Advances and prepayments		598,010	490,321	44	306
Prepaid taxes		270,011	240,588	–	–
Biological assets	3	734,388	769,634	–	–
Assets held for sale		37,805	37,805	–	–
Cash and cash equivalents		4,584,821	4,422,371	15,515	94,621
<b>Total current assets</b>		<b>10,181,759</b>	<b>10,552,417</b>	<b>204,457</b>	<b>114,227</b>
<b>Total assets</b>		<b>37,640,335</b>	<b>38,266,006</b>	<b>11,982,394</b>	<b>12,041,750</b>
<b>Current liabilities</b>					
Trade and other payables and accruals		2,385,915	2,418,587	110,160	121,781
Dividend payables		207,664	–	–	–
Advances and other payables		313,176	321,270	–	–
Lease liabilities	9	37,168	46,772	–	–
Interest-bearing loans and borrowings	14	6,497,412	6,912,271	228,545	218,032
Income tax payable		51,228	184,189	–	51
<b>Total current liabilities</b>		<b>9,492,563</b>	<b>9,883,089</b>	<b>338,705</b>	<b>339,864</b>
<b>Net current assets/(liabilities)</b>		<b>689,196</b>	<b>669,328</b>	<b>(134,248)</b>	<b>(225,637)</b>

## Condensed Interim Statements of Financial Position (cont'd)

	Note	Group		Company	
		30/06/2023 Rp 'million	31/12/2022 Rp 'million	30/06/2023 Rp 'million	31/12/2022 Rp 'million
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	14	2,228,611	2,232,058	180,688	394,534
Amounts due to related parties and other payables		600,613	603,594	–	–
Provisions		37,603	37,058	–	–
Lease liabilities	9	104,772	123,039	–	–
Employee benefits liabilities	3	1,578,225	1,529,961	–	–
Deferred tax liabilities	11	644,278	705,515	34,619	29,645
<b>Total non-current liabilities</b>		<b>5,194,102</b>	<b>5,231,225</b>	<b>215,307</b>	<b>424,179</b>
<b>Total liabilities</b>		<b>14,686,665</b>	<b>15,114,314</b>	<b>554,012</b>	<b>764,043</b>
<b>Net assets</b>		<b>22,953,670</b>	<b>23,151,692</b>	<b>11,428,382</b>	<b>11,277,707</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	15	3,584,279	3,584,279	10,912,411	10,912,411
Treasury shares		(390,166)	(390,166)	(390,166)	(390,166)
Revenue reserves		9,185,316	9,220,230	761,985	611,310
Other reserves		527,774	485,508	144,152	144,152
		<b>12,907,203</b>	<b>12,899,851</b>	<b>11,428,382</b>	<b>11,277,707</b>
Non-controlling interests		10,046,467	10,251,841	–	–
<b>Total equity</b>		<b>22,953,670</b>	<b>23,151,692</b>	<b>11,428,382</b>	<b>11,277,707</b>

## Condensed Interim Statements of Changes in Equity – the Group

	Attributable to owners of the Company					Non-controlling interests Rp 'million	Total equity Rp 'million
	Share capital Rp 'million	Treasury shares Rp 'million	Revenue reserves Rp 'million	Other reserves Rp 'million	Total Rp 'million		
<b>At 1 January 2023</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>9,220,230</b>	<b>485,508</b>	<b>12,899,851</b>	<b>10,251,841</b>	<b>23,151,692</b>
Net profit for the period	–	–	88,647	–	88,647	4,052	92,699
Other comprehensive income	–	–	–	42,266	42,266	(1,762)	40,504
<b>Total comprehensive Income for the period</b>	<b>–</b>	<b>–</b>	<b>88,647</b>	<b>42,266</b>	<b>130,913</b>	<b>2,290</b>	<b>133,203</b>
<u>Contributions by and distribution to owners:</u>							
Dividend payment to Company's shareholders	–	–	(123,561)	–	(123,561)	(207,664)	(331,225)
<b>Total transactions with owners in their capacity as owners</b>	<b>–</b>	<b>–</b>	<b>(123,561)</b>	<b>–</b>	<b>(123,561)</b>	<b>(207,664)</b>	<b>(331,225)</b>
<b>Balance at 30 June 2023</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>9,185,316</b>	<b>527,774</b>	<b>12,907,203</b>	<b>10,046,467</b>	<b>22,953,670</b>
	Attributable to owners of the Company					Non-controlling interests Rp 'million	Total equity Rp' million
	Share capital Rp 'million	Treasury shares Rp 'million	Revenue reserves Rp 'million	Other reserves Rp 'million	Total Rp 'million		
<b>At 1 January 2022 (As previously reported)</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>8,523,010</b>	<b>(154,807)</b>	<b>11,562,316</b>	<b>9,807,698</b>	<b>21,370,014</b>
Impact on application of IFRIC Agenda Decision on SFRS(I) 1-19 *	–	–	45,058	(6,749)	38,309	27,613	65,922
<b>At 1 January 2022 (As restated)</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>8,568,068</b>	<b>(161,556)</b>	<b>11,600,625</b>	<b>9,835,311</b>	<b>21,435,936</b>
Net profit for the period	–	–	251,972	–	251,972	290,010	541,982
Other comprehensive income	–	–	–	290,968	290,968	188	291,156
<b>Total comprehensive Income for the period</b>	<b>–</b>	<b>–</b>	<b>251,972</b>	<b>290,968</b>	<b>542,940</b>	<b>290,198</b>	<b>833,138</b>
<u>Contributions by and distribution to owners:</u>							
Dividend payment to Company's shareholders	–	–	(117,815)	–	(117,815)	–	(117,815)
<b>Total transactions with owners in their capacity as owners</b>	<b>–</b>	<b>–</b>	<b>(117,815)</b>	<b>–</b>	<b>(117,815)</b>	<b>–</b>	<b>(117,815)</b>
<b>Balance at 30 June 2022</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>8,702,225</b>	<b>129,412</b>	<b>12,025,750</b>	<b>10,125,509</b>	<b>22,151,259</b>

\* See FY2022 consolidated financial statements for details about restatements for changes in accounting policies.

## Condensed Interim Statements of Changes in Equity – the Company

	Attributable to owners of the Company				
	Share capital Rp 'million	Treasury shares Rp 'million	Revenue reserves Rp 'million	Other reserves Rp 'million	Total equity Rp 'million
<b>At 1 January 2023</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>611,310</b>	<b>144,152</b>	<b>11,277,707</b>
Net profit for the period	–	–	274,236	–	274,236
<u>Contributions by and distribution to owners:</u>					
Dividend payment to Company's shareholders	–	–	(123,561)	–	(123,561)
<b>Total transactions with owners in their capacity as owners</b>	<b>–</b>	<b>–</b>	<b>(123,561)</b>	<b>–</b>	<b>(123,561)</b>
<b>Balance at 30 June 2023</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>761,985</b>	<b>144,152</b>	<b>11,428,382</b>

	Attributable to owners of the Company				
	Share capital Rp 'million	Treasury shares Rp 'million	Revenue reserves Rp 'million	Other reserves Rp 'million	Total equity Rp 'million
<b>At 1 January 2022</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>670,055</b>	<b>144,152</b>	<b>11,336,452</b>
Net loss for the period	–	–	(25,505)	–	(25,505)
<u>Contributions by and distribution to owners:</u>					
Dividend payment to Company's shareholders	–	–	(117,815)	–	(117,815)
<b>Total transactions with owners in their capacity as owners</b>	<b>–</b>	<b>–</b>	<b>(117,815)</b>	<b>–</b>	<b>(117,815)</b>
<b>Balance at 30 June 2022</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>526,735</b>	<b>144,152</b>	<b>11,193,132</b>

## Condensed Interim Consolidated Statement of Cash Flows

	Note	1H2023 Rp 'million	1H2022 Rp 'million
<b>Cash flows from operating activities</b>			
Profit before taxation		241,020	947,073
Adjustments for:			
Depreciation and amortisation		737,234	708,303
Realisation of deferred costs		128,328	89,029
Unrealised foreign exchange loss/(gain)		29,178	(14,807)
(Write-back)/allowance for doubtful debt		(122)	19
Loss arising from changes in fair value of biological assets		44,602	107,754
Net gain arising from write-off of right-of-use assets and lease liabilities		(25)	–
Gain on disposal of property, plant and equipment		(1,566)	(3,037)
Write-off of property, plant and equipment		2,651	13,738
Impairment of property, plant and equipment		–	26,215
Changes in allowance for decline in market value and obsolescence of inventories		(10,000)	293,093
Changes in provision for asset dismantling costs		545	(1,429)
Change in estimated liability for employee benefits		109,888	128,888
Allowance for uncollectible and loss arising from changes in amortised cost		24,551	190,912
Loss arising from changes in amortised cost of long-term receivables		115	101
Share of results of associate companies		39,703	23,608
Share of results of joint ventures		14,738	36,273
Financial income		(82,293)	(42,041)
Financial expenses		308,891	279,764
<b>Operating cash flows before changes in working capital</b>		<b>1,587,438</b>	<b>2,783,456</b>
Changes in working capital:			
(Increase)/decrease in other non-current receivables		(69,009)	74,878
Decrease/(increase) in inventories		175,178	(1,084,773)
Decrease in trade and other receivables		471,289	315,374
Increase in advances to suppliers		(107,689)	(333,688)
Increase/(decrease) in prepaid taxes, advances and other payables		29,794	(107,360)
(Decrease)/increase in trade and other payables and accruals		(107,598)	426,133
<b>Cash flows from operations</b>		<b>1,979,403</b>	<b>2,074,020</b>
Interest received		80,745	41,951
Interest paid		(309,052)	(264,918)
Income tax paid		(343,050)	(540,426)
<b>Net cash flows from operating activities</b>		<b>1,408,046</b>	<b>1,310,627</b>

## Condensed Interim Consolidated Statement of Cash Flows (cont'd)

	Note	1H2023 Rp 'million	1H2022 Rp 'million
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	9	(421,424)	(448,013)
Additions to biological assets		(198,474)	(124,719)
Increase in plasma receivables		(82,678)	(11,216)
Proceeds from disposal of property, plant and equipment	9	6,397	4,792
Advances for projects and purchases of fixed assets		(5,724)	(10,013)
Dividend received from a joint venture		63,712	127,704
Additional investment in associate companies		–	(43,196)
Additional investment in a joint venture		–	(83,447)
<b>Net cash flows used in investing activities</b>		<b>(638,191)</b>	<b>(588,108)</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest-bearing loans and borrowings		1,794,000	2,027,714
Repayment of interest-bearing loans and borrowings		(2,185,688)	(2,205,769)
Payment of principal portion of lease liability	9	(32,713)	(32,726)
Dividend payment to Company's shareholders		(123,561)	(117,815)
<b>Net cash flows used in financing activities</b>		<b>(547,962)</b>	<b>(328,596)</b>
<b>Net increase in cash and cash equivalents</b>		<b>221,893</b>	<b>393,923</b>
Effect of changes in exchange rates on cash and cash equivalents		(59,443)	36,390
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4,422,371</b>	<b>3,763,644</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>4,584,821</b>	<b>4,193,957</b>



## Notes to the Condensed Interim Consolidated Financial Statements

### 1. *Corporate information*

Indofood Agri Resources Ltd. (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the "Group").

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.

PT Indofood Sukses Makmur Tbk ("PT ISM"), incorporated in Indonesia, and First Pacific Company Limited, 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. *Basis of Preparation*

The condensed interim financial statements for the six months ended 30 June 2023 ("1H2023") have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022 ("FY2022").

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as the FY2022 financial statements, except for the adoption of new and amended standards as set out in Note 2.1 below.

The condensed interim financial statements are presented in Indonesia Rupiah ("Rp") which is the Company's functional currency 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 Rp134.2 billion (31 December 2022: Rp225.6 billion). The Directors are of the view that the Company has the ability to refinance the maturing debts, together with the undrawn banking facilities, the Company will be able to meet its financial obligations as and when they fall due.

#### 2.1 *New and amended standards adopted by the Group*

The Group has adopted all the amendments to SFRS(I)s that are effective for annual financial periods beginning on or after 1 January 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. In addition, the adoption of these amendments did not have any material effect on the financial performance or position of the Group and the Company.

### 3. *Use of judgements and estimates*

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the FY2022 consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are presented below. The methodology and procedures for determining the provisions, allowances and key estimates of the following amounts have not changed since last year end.

- Allowance for expected credit loss ("ECL") of trade receivables

The Group uses the same provision matrix that was applied in its FY2022 financial statements to calculate ECL for trade receivables.

The carrying amount of trade receivables as at 30 June 2023 is Rp728.1 billion (31 December 2022: Rp1,200.2 billion).

- Allowance for ECL of plasma receivables

The Group uses the same methodology and basis that were applied in its FY2022 financial statements to calculate ECL of plasma receivables.

The gross carrying amount of the Group's plasma receivables before the allowance for ECL and the adjustments of effective interest rate ("EIR") amortisation as at 30 June 2023 is Rp2,384.0 billion (31 December 2022: Rp2,304.4 billion).

An impairment analysis is performed at each reporting date to measure ECL. The Group's allowance for uncollectible and adjustments of EIR amortisation of plasma receivables as at 30 June 2023 is disclosed in Note 13.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are presented below:

- Goodwill impairment

In the case of goodwill, such assets are subject to an annual impairment test and whenever there is an indication that such assets may be impaired. Management has to use its judgement in estimating the recoverable amount. The Group performed its annual impairment test in October 2022, and the approach and key assumptions used to determine the recoverable amount for the CGU were disclosed in annual consolidated financial statements for the year ended 31 December 2022.

As at 30 June 2023, no impairment indicators were identified based on the CGU's business performance. The carrying amount of the Group's goodwill as at 30 June 2023 is Rp3,084.6 billion (31 December 2022: Rp3,084.6 billion). Further details are disclosed in Note 10.

### 3. Use of judgements and estimates (cont'd)

- Impairment of property, plant and equipment

Property, plant and equipment are subject to impairment test whenever there is an indication that such assets may be impaired.

As of 30 June 2023, no impairment indicators were identified for its property, plant and equipment. In 1H2022, the Group recorded an impairment loss of Rp26.2 billion to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts based on fair value less cost to sell, using discounted cash flow method. 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 30 June 2023 is Rp17,904.6 billion (31 December 2022: Rp18,135.7 billion).

- 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 remained the same as last year end, include among others, discount rates, future annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate which were disclosed in the FY2022 consolidated financial statements. 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.

As at 30 June 2023, the balance of the related actuarial liability for employee benefits is presented as "Employee benefits liabilities" in the consolidated interim statements of financial position.

- 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, which remained to be the same as in its FY2022 consolidated financial statements. 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.

- 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 comprise FFB, oil palm seeds, latex and sugar cane (which are presented as part of Current 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 consistent income approach as in its FY2022 consolidated financial statements to measure the timber plantations, and fair value of unharvested produce of bearer plants (FFB, oil palm seeds, latex and sugar cane). 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.

### **3. Use of judgements and estimates (cont'd)**

- Income tax

Significant judgement is involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group adopts consistent methodology as in its FY2022 financial statements in recognition of 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.

Deferred tax assets are recognised on the same basis as in its FY2022 consolidated financial statements 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 amounts of the Group's tax payables and deferred tax assets as at 30 June 2023 are disclosed in the consolidated interim statements of financial position.

- 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 on the same basis as in its FY2022 consolidated financial statements, which 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 is disclosed in the consolidated interim statements of financial position.

### **4. Disaggregation of revenue**

Revenue represents the value arising from the sales of palm oil, rubber, sugar, edible oils, and other agricultural products. Revenue is disaggregated to Plantations and Edible Oils and Fats segment. The timing of the transfer of goods is determined at a point in time. The Group does not have revenue that is recognised over time.

Revenue from a single region is disclosed separately when it exceeds 10% of the Group's revenue. For 1H2023 and 1H2022, other than Indonesia, no other country accounted for 10% or more of the Group's revenue.

#### 4. Disaggregation of revenue (cont'd)

	Plantations		Edible Oils and Fats		Others/eliminations		Total	
	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022
	Rp 'million	Rp 'million	Rp 'million	Rp 'million	Rp 'million	Rp 'million	Rp 'million	Rp 'million
<b>Sales channel</b>								
Third party	1,693,552	1,965,702	5,914,947	6,107,152	–	–	7,608,499	8,072,854
Inter-segment	2,984,948	3,689,023	2,191	1,151	(2,987,139)	(3,690,174)	–	–
	4,678,500	5,654,725	5,917,138	6,108,303	(2,987,139)	(3,690,174)	7,608,499	8,072,854
<b>Primary geographical markets</b>								
Indonesia	4,479,894	5,606,001	5,172,317	5,797,264	(2,987,139)	(3,690,174)	6,665,072	7,713,091
Outside Indonesia	198,606	48,724	744,821	311,039	–	–	943,427	359,763
	4,678,500	5,654,725	5,917,138	6,108,303	(2,987,139)	(3,690,174)	7,608,499	8,072,854
<b>Major product lines</b>								
CPO	3,572,538	4,282,091	–	–	(2,984,948)	(3,689,023)	587,590	593,068
Palm Kernel & related products	464,681	664,086	–	–	–	–	464,681	664,086
Edible Oils and Fats	–	–	5,914,947	6,107,152	–	–	5,914,947	6,107,152
Others	641,281	708,548	2,191	1,151	(2,191)	(1,151)	641,281	708,548
	4,678,500	5,654,725	5,917,138	6,108,303	(2,987,139)	(3,690,174)	7,608,499	8,072,854

#### 5. Profit before taxation

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

	1H2023	1H2022	Change
	Rp 'million	Rp 'million	%
Depreciation of property, plant and equipment	698,012	668,218	4.5
Amortisation of deferred charges, right of use assets and others	39,222	40,085	(2.2)
Interest on borrowings and leases	304,928	275,042	10.9
Allowance for uncollectible and loss arising from changes in amortised cost	24,551	190,912	(87.1)
Impairment of property, plant and equipment	–	26,215	n/m
Write-off of property, plant and equipment	2,651	13,738	(80.7)
Gain on disposal of property, plant and equipment	(1,566)	(3,037)	(48.4)
Changes in provision for asset dismantling costs	545	(1,429)	n/m

## 6. **Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	<b>Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	Rp 'million	Rp 'million
Current income tax expense	156,175	479,548
Deferred income tax expense relating to origination and reversal of temporary differences	(7,854)	(74,457)
	<u>148,321</u>	<u>405,091</u>

## 7. **Earnings per share**

Basic earnings per share amounts are calculated by dividing earnings for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares as at 30 June 2023.

	<b>1H2023</b>	<b>Group 1H2022</b>	<b>Change</b>
<b>Earnings per share (Rp)</b>	Rp 'million	Rp 'million	%
Based on weighted average number of shares	64	181	(64.8)
Based on a fully diluted basis	<u>64</u>	<u>181</u>	<u>(64.8)</u>

## 8. **Net asset value**

The net asset value per share for the Group is calculated using the Group's net asset value attributable to equity holders as at end of each period divided by the issued share capital of 1,395,904,530 (excluding 51,878,300 held as treasury shares) as of 30 June 2023 and 31 December 2022.

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2023</b>	<b>31/12/2022</b>	<b>30/06/2023</b>	<b>31/12/2022</b>
Net asset value per share (Rp)	9,246	9,241	8,187	8,079
Net asset value per share (SGD 'cents) (converted at Rp11,102 /S\$1)	83.3	83.2	73.7	72.8

## 9. **Property, plant and equipment and Leases**

In 1H2023, the Group acquired assets amounting to Rp421.4 billion (1H2022: Rp448.0 billion) and proceeds from disposed of assets amounting to Rp6.4 billion (1H2022: Rp4.8 billion).

The Group does not have addition to leases in 1H2023 (1H2022: Nil) and payment of principal portion of lease liabilities amounting to Rp32.7 billion (1H2022: Rp32.7 billion).

In 1H2023, the Company acquired assets amounting to Rp0.3 billion (1H2022: Nil). The Company does not have disposal of assets and leases in 1H2023 and 1H2022.

## 10. Goodwill

	30/06/2023 Rp 'million	31/12/2022 Rp 'million
<b>Cost</b>		
Balance as at 1 January	3,084,624	3,211,427
Impairment of goodwill	–	(126,803)
Balance as at 30 June and 31 December	<u>3,084,624</u>	<u>3,084,624</u>

The goodwill arose largely from the acquisition of PT PP London Sumatra Indonesia Tbk (“PT Lonsum”). Management engaged an independent valuer to determine the recoverable amount of the goodwill annually, only for PT Lonsum’s integrated plantation estates. The recoverable amounts of other goodwill from other acquisitions were determined internally by management. In the prior year, 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 for these CGUs were in excess of their respective recoverable amounts.

The recoverable amount of the goodwill allocated to the plantation estates of PT Lonsum has been determined based on value-in-use calculations. The recoverable amounts of the goodwill allocated to all other plantation estates were determined based on fair value less costs of disposal (“FVLCD”), using discounted cash flow method. The FVLCD derived is categorised under Level 3 of the fair value hierarchy.

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

No impairment indicators were identified as at 30 June 2023 based on the CGU’s business performance. The Group performed its annual impairment test in October 2022. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

## 11. Deferred tax

Deferred tax relates to the following:

	30/06/2023 Rp 'million	31/12/2022 Rp 'million
<b>Temporary tax differences:</b>		
Property, plant and equipment	(927,526)	(919,609)
Biological assets	(139,676)	(164,121)
Withholding tax on unremitted foreign interest income	(34,619)	(29,645)
Adjustments for uncollectible and loss arising from changes in amortised cost of plasma receivables	74,777	75,634
Allowance for employees benefit expenses	38,919	20,419
Allowance for decline in market value and obsolescence of inventories	42,562	44,764
Provision for unrecoverable advance	12,915	12,915
Employee benefits liabilities	338,638	333,972
Deferred inter-company profits	23,092	30,931
Tax losses carry forward	109,266	103,384
Impairment loss of property, plant and equipment	92,142	92,142
Others	7,173	(30,221)
Total	<u>(362,337)</u>	<u>(429,435)</u>
<b>Classified as:</b>		
Deferred tax assets	281,941	276,080
Deferred tax liabilities	<u>(644,278)</u>	<u>(705,515)</u>

## 12. Investment in subsidiary companies, associate companies and joint ventures

### 12.1 Investment in subsidiary companies

	Company	
	30/06/2023	31/12/2022
	Rp 'million	Rp 'million
Shares, at costs	10,707,410	10,706,846
Investment in a newly incorporated subsidiary	–	564
Carrying value of investment	10,707,410	10,707,410

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

On 22 September 2022, IFAR Trading Pte. Ltd. (formerly known as Indofood Agri Trading Pte. Ltd.) was incorporated with a share capital of S\$50,000 (equivalent to Rp564 million). The shares issued was fully subscribed by the Company. Accordingly, IFAR Trading Pte. Ltd. became a wholly-owned subsidiary of the Company.

Management has performed an impairment assessment to assess the recoverable amounts of investment in subsidiary companies, comprising PT Salim Ivomas Pratama Tbk ("PT SIMP"), PT Lonsum and IFAR Brazil Pte. Ltd. Based on the assessment, the recoverable amounts were in excess of the carrying value of the investment in subsidiary companies and hence no impairment loss was recognised as at 30 June 2023.

### 12.2 Investment in associate companies

	Group	
	30/06/2023	31/12/2022
	Rp 'million	Rp 'million
Cost of investment, at cost	1,940,736	1,940,736
Cumulative share of results and other comprehensive income	(605,247)	(566,316)
Foreign currency translation	94,079	99,730
Gain from deemed disposal	12,921	12,921
Carrying value of investment	1,442,489	1,487,071

The Group's associate companies remained the same as those in FY2022 consolidated financial statements, comprising FP Natural Resources Limited ("FPNRL"), Asian Assets Management Pte Ltd ("AAM"), PT Aston Inti Makmur ("AIM"), PT Prima Sarana Mustika ("PT PSM") and PT Indoagri Daitocacao ("Daitocacao").

Management has performed an impairment review on the associate companies, and there were no indicators of impairment, except for the investment in FPNRL. Management has further assessed the recoverable amount using the underlying investment of FPNRL in Roxas Holdings Inc ("Roxas"), using a discounted cash flow model. The recoverable amount was in excess of the carrying value of the investment in FPNRL and hence no impairment loss was recognised as at 30 June 2023.



## 12. Investment in subsidiary companies, associate companies and joint ventures (cont'd)

### 12.3 Investment in joint ventures

	Group	
	30/06/2023 Rp 'million	31/12/2022 Rp 'million
Cost of investment (including acquisition related costs)	1,102,748	1,102,748
Cumulative share of results and other comprehensive income	374,179	364,947
Loss on deemed disposal	(87,049)	(87,049)
Foreign currency translation	(221,618)	(247,995)
Dividend payment	(250,193)	(186,481)
Carrying value of investment	918,067	946,170

The list of joint ventures remained unchanged as to those in FY2022 consolidated financial statements, comprising Companhia Mineira de Açúcar e Álcool Participações (“CMAA”) and Bússola Empreendimentos e Participações S.A (“Bússola”).

No impairment indicators were identified as at 30 June 2023 based on the joint ventures’ business performance.

## 13. Financial assets and financial liabilities

Set out below is an overview of financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Note	Group		Company	
		30/06/2023 Rp 'million	31/12/2022 Rp 'million	30/06/2023 Rp 'million	31/12/2022 Rp 'million
<b>Financial Assets</b>					
Cash and bank		4,584,821	4,422,371	15,515	94,621
Trade and other receivables		850,867	1,320,486	799,898	778,300
Other non-current assets		26,334	25,037	11	11
Plasma receivables		1,001,538	946,392	–	–
<b>Financial Liabilities</b>					
Trade and other payables		2,385,915	2,418,587	110,160	121,781
Dividend payables		207,664	–	–	–
Amounts due to related parties and other payables		600,613	603,594	–	–
Interest-bearing loans and borrowings	14	8,726,023	9,144,329	409,233	612,566

### 13. Financial assets and financial liabilities (cont'd)

#### Receivables that are impaired

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

	Group	
	30/06/2023 Rp 'million	31/12/2022 Rp 'million
As at 1 January	175	148
(Write-back)/allowance for the period/year	(122)	27
As at 30 June/31 December	53	175

An analysis of the movement in allowance for uncollectible and adjustments of EIR amortisation of plasma receivables are as follows:

	Group	
	30/06/2023 Rp 'million	31/12/2022 Rp 'million
As at 1 January	1,358,003	988,672
Allowance charge for the period/year	29,231	427,176
Adjustments of EIR amortisation	(4,680)	(57,792)
Write-off	(52)	(53)
As at 30 June/31 December	1,382,502	1,358,003

### 14. Borrowings and debt securities

	Group		Company	
	30/06/2023 Rp 'million	31/12/2022 Rp 'million	30/06/2023 Rp 'million	31/12/2022 Rp 'million
<u>Current</u>				
Interest bearing debt payable in one year or less, or on demand				
Secured *	2,425,867	2,301,239	–	–
Unsecured	4,071,545	4,611,032	228,545	218,032
<b>Sub-total</b>	<b>6,497,412</b>	<b>6,912,271</b>	<b>228,545</b>	<b>218,032</b>
<u>Non-current</u>				
Interest bearing debt repayable after one year				
Secured *	1,047,923	1,387,525	–	–
Unsecured	1,180,688	844,533	180,688	394,534
<b>Sub-total</b>	<b>2,228,611</b>	<b>2,232,058</b>	<b>180,688</b>	<b>394,534</b>
<b>Total borrowings and debt securities</b>	<b>8,726,023</b>	<b>9,144,329</b>	<b>409,233</b>	<b>612,566</b>

#### Details of the collaterals

\* The above bank borrowings are secured by corporate guarantees of a subsidiary in proportion to its equity ownerships.

There is no loan default or breach of a loan agreement that has not been remedied on or before the end of interim reporting period.

## 15. *Share capital*

The Company did not issue any shares during the period. As at 30 June 2023 and 31 December 2022, the number of issued shares was 1,447,782,830, of which 51,878,300 were held as treasury shares.

There were no outstanding convertibles as at 30 June 2023 and 31 December 2022.

	Company			
	30/06/2023		31/12/2022	
	No of shares	Amount	No of shares	Amount
	('000)	Rp 'million	('000)	Rp 'million
Share capital	1,447,783	10,912,411	1,447,783	10,912,411
Less: Treasury shares	(51,878)	(390,166)	(51,878)	(390,166)
Share capital excluding treasury Shares	1,395,905	10,522,245	1,395,905	10,522,245

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

## 16. *Dividends*

No dividend is recommended for the period ended 30 June 2023 (30 June 2022: Nil).

## 17. Related party transactions

The following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Nature of transactions	Period	A shareholder of the Group Rp 'million	Related Companies <sup>(1)</sup> Rp 'million	Other related Parties <sup>(2)</sup> Rp 'million
Sales of goods	1H2023	5	2,562,584	732,623
	1H2022	7	3,322,931	783,295
Purchases of packaging materials	1H2023	–	72,914	–
	1H2022	–	34,212	–
Purchases of services, transportation equipment and spare parts	1H2023	–	1,605	57,685
	1H2022	–	1,668	32,481
Royalty fee expenses	1H2023	2,281	–	–
	1H2022	2,070	–	–
Pump service expenses	1H2023	–	–	4,441
	1H2022	–	–	4,041
Rental expenses	1H2023	–	20,610	3,871
	1H2022	–	20,610	3,884
Insurance expenses	1H2023	–	–	11,573
	1H2022	–	–	11,946
Other operating income	1H2023	–	2,785	–
	1H2022	–	2,258	–
Financial income	1H2023	–	–	25,082
	1H2022	–	–	16,376
Financial expenses	1H2023	–	–	18,061
	1H2022	–	–	14,605

<sup>(1)</sup> Transactions with entities under common control.

<sup>(2)</sup> Transactions with members of Salim Group and its associates.

## 18. **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. The methodology and procedures for determining the asset's recoverable amount and impairment calculations have not changed since last year end.

There were no indicators of impairment for its property, plant and equipment as of 30 June 2023. The Group recorded an impairment loss of Rp26.2 billion as of 30 June 2022 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.

## 19. **Fair value measurement**

The Group measures non-financial assets, such as biological assets, at fair value at each reporting date.

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

- Level 1 – Quoted prices (unadjusted) in active 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:

	<b>Quoted prices in active markets for identical assets (Level 1) Rp 'million</b>	<b>Significant other observable inputs (Level 2) Rp 'million</b>	<b>Significant unobservable inputs (Level 3) Rp 'million</b>
<b>As at 30 June 2023</b>			
<u>Recurring fair value measurements</u>			
Biological assets - timber plantations	–	–	322,985
Biological assets - agricultural produce	–	239,677	494,711
<b>As at 31 December 2022</b>			
<u>Recurring fair value measurements</u>			
Biological assets - timber plantations	–	–	322,743
Biological assets - agricultural produce	–	282,339	487,295

## **20. Segment and revenue information**

The Group is organised into the following main business segments:

- 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 produces, markets and sells edible oil, margarine, shortening and other related products and its derivative products.

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. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 20. Segment and revenue information (cont'd)

The following table presents revenue and profit and certain asset and liability information regarding the Group's business segments:

### 20.1 Business segments

1H2023	Plantations Rp 'million	Edible Oils and Fats Rp 'million	Others/ eliminations Rp 'million	Total Rp 'million
<b>Revenue</b>				
Sales to external customers	1,693,552	5,914,947	–	7,608,499
Inter-segment sales	2,984,948	2,191	(2,987,139)	–
Total sales	4,678,500	5,917,138	(2,987,139)	7,608,499
Share of results of associate companies	(3,480)	–	(36,223)	(39,703)
Share of results of joint ventures	–	–	(14,738)	(14,738)
Segment results	221,779	333,546	8,763	564,088
Net finance expense				(226,598)
Foreign exchange loss				(42,029)
Profit before tax				241,020
Income tax expense				(148,321)
Net profit for the period				92,699
<b>As at 30 June 2023</b>				
<b>Assets and liabilities</b>				
Segment assets	29,146,031	6,114,627	(1,292,653)	33,968,005
Goodwill	3,084,624	–	–	3,084,624
Prepaid taxes				270,011
Deferred tax assets				281,941
Claims for tax refund				35,754
Total assets				37,640,335
Segment liabilities	5,621,767	1,453,395	(2,592,406)	4,482,756
Unallocated liabilities				9,508,403
Deferred tax liabilities				644,278
Income tax payable				51,228
Total liabilities				14,686,665
<b>Other segment information</b>				
Capital expenditure	614,314	7,614	–	621,928
Depreciation and amortisation	681,306	54,087	1,841	737,234
Loss from changes in fair value of biological assets	44,602	–	–	44,602
Change in estimated liability for employee benefits	89,586	20,302	–	109,888

## 20. Segment and revenue information (cont'd)

### 20.1 Business segments (cont'd)

1H2022	Plantations Rp 'million	Edible Oils and Fats Rp 'million	Others/ eliminations Rp 'million	Total Rp 'million
<b>Revenue</b>				
Sales to external customers	1,965,702	6,107,152	–	8,072,854
Inter-segment sales	3,689,023	1,151	(3,690,174)	–
Total sales	5,654,725	6,108,303	(3,690,174)	8,072,854
Share of results of associate companies	549	–	(24,157)	(23,608)
Share of results of joint ventures	–	–	(36,273)	(36,273)
Segment results	1,291,124	195,976	(223,765)	1,263,335
Net finance expense				(237,723)
Foreign exchange gain				7,557
Impairment loss of property, plant and equipment				(26,215)
Profit before tax				947,073
Income tax expense				(405,091)
Net profit for the period				541,982
<b>As at 31 December 2022</b>				
<b>Assets and liabilities</b>				
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
<b>Other segment information:</b>				
Capital expenditure	568,565	24,574	–	593,139
Depreciation and amortisation	618,517	55,034	34,752	708,303
Loss from changes in fair value of biological assets	107,754	–	–	107,754
Change in estimated liability for employee benefits	107,290	21,598	–	128,888
Impairment loss of property, plant and equipment	26,215	–	–	26,215

## 21. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



## Other Information Required by Listing Rule Appendix 7.2

### 1. **Audit review**

The condensed interim statement of financial position of the Group as at 30 June 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim consolidated statement of cash flows and certain explanatory notes for 1H2023 have not been audited or reviewed.

### 2. **Review of performance of the Group**

#### **Financial Performance**

**Overview:** Prices of most agricultural commodities increased sharply in the first half of last year with the loss of Ukraine's sunflower oil due to Russia's invasion and the Indonesian government's palm oil export ban. Commodity prices had eased since July 2022 following the lifting of the export ban, along with ample supplies of competing vegetable oils and the resumption of exports of food commodities through the Black Sea Grain Initiative. CPO prices (CIF Rotterdam) declined 39% to an average of US\$991 per tonne in 1H2023 from US\$1,638 per tonne in 1H2022.

The Group recorded lower profitability in 1H2023 despite higher sales volume of palm products and edible oils products. Net profit after tax declined 83% to Rp 93 billion in 1H2023 mainly due to lower profit from the Plantation Division on lower selling prices of palm products. The decline was partly offset by higher profit contributions from the Edible Oils and Fats (EOF) Division.

**Segment Overview:** The Plantation Division's 1H2023 revenue declined 17% mainly attributable to lower selling prices of palm products (i.e. crude palm oil (CPO) down 21% and palm kernel (PK) down 52%), partly offset by higher sales volume of palm products. Segment operating profit declined to Rp222 billion from Rp1,291 billion in 1H2022.

The EOF Division's 1H2023 revenue declined by 3% on lower selling prices. This Division reported improved segment operating profit of Rp334 billion in 1H2023 compared to Rp196 billion in 1H2022.

**Revenue:** Despite higher sales volume of palm products and EOF products, the Group's consolidated revenue (after elimination of inter-segment sales) declined 6% to Rp7,608 billion in 1H2023. The decline was mainly due to lower selling prices of palm products and EOF products.

**Cost of sales:** Higher cost of sales was mainly due to higher sales volume of palm products and higher purchases of CPO by the EOF Division in line with higher sales volume of EOF products.

**Gross profit:** The Group's 1H2023 gross profit declined 43% compared to 1H2022 mainly due to Plantation Division on lower selling prices of palm products. This was partly offset by higher sales volume of palm and EOF products.

**Foreign Exchange (Loss)/Gain:** In 1H2023, the Group recognised a foreign currency loss of Rp42 billion mainly due to the translation of US dollar-denominated net assets position (i.e. cash and loans) as of 30 June 2023. The foreign currency loss was mainly due to the strengthening of Indonesia Rupiah against US Dollar to Rp15,026/US\$ as of 30 June 2023 versus Rp15,731/US\$ as of 31 December 2022.

**Selling and distribution expenses (S&D):** S&D expenses increased 14% to Rp235 billion in 1H2023 mainly due to higher export levy/duty and freight charges arising from higher sales volume of EOF products.

**Other Operating Expenses:** Other operating expenses decreased to Rp53 billion in 1H2023 from Rp268 billion in 1H2022 mainly due to lower allowance for plasma receivables.

## 2. **Review of performance of the Group (cont'd)**

**Share of Results of Associate Companies:** The Group reported higher loss from its associate companies in 1H2023 of Rp40 billion versus Rp24 billion in 1H2022. The higher losses was due to the sugar operation in Philippines.

**Share of Results of Joint Ventures (JVs):** Brazil's sugar milling and harvesting season commences in April, and CMAA will usually carry out its factory maintenance and upkeep in the first quarter of the year. Thus it is normal for the sugar business to incur losses during this period. The Group recognised lower JV losses of Rp15 billion in 1H2023 compared to Rp36 billion losses in 1H2022. The lower losses were mainly due to gains arising from changes in fair value of biological assets and positive foreign exchange impacts.

**Loss arising from Changes in Fair Values of Biological Assets:** In 1H2023, the Group reported a lower loss from changes in fair value of biological assets of Rp45 billion compared to Rp108 billion in 1H2022. The loss in 1H2023 was mainly due to lower FFB prices but partly offset by higher volume.

**Profit from Operations:** The Group's profit from operations in 1H2023 declined 61% to Rp468 billion mainly due to lower gross profit and higher foreign exchange loss. This was partly offset by lower allowance for plasma receivables and lower loss arising from changes in fair value of biological assets.

**Financial Expenses:** Despite lower loans than last year, the Group's 1H2023 financial expenses increased by 10% mainly due to higher blended interest rates.

**Income Tax Expenses:** The Group recognised lower income tax expenses in 1H2023 mainly attributable to lower corporate income tax in line with lower profit.

**Net Profit After Tax (NPAT):** The Group reported lower NPAT of Rp93 billion, decreasing 83% from 1H2022. This was mainly due to lower profit from operations as explained above, but partly offset by lower income tax expenses.

**Attributable Profit to the Owners of the Company:** 1H2023 attributable profit came in 65% lower than the same period last year.

### **Review of Financial Position**

As at 30 June 2023, the Group reported total non-current assets of Rp27.5 trillion compared to Rp27.7 trillion as at 31 December 2022. The decrease was mainly due to the depreciation of property, plant and equipment and lower carrying value of investments in associate companies and joint ventures

The Group's total current assets were Rp10.2 trillion as at 30 June 2023 compared to Rp10.6 trillion as at 31 December 2022. The decrease was mainly due to lower trade and other receivables, and lower CPO inventories. However, this was partly offset by higher prepayment of expenses and higher cash levels.

As at 30 June 2023, the Group's total liabilities decreased 3% to Rp14.7 trillion mainly due to higher loan repayment in 1H2023 and lower income tax payable in line with lower profit.

The Group's net debt to total equity ratio decreased from 0.20 times in prior year to 0.18 times as at 30 June 2023 due to the combined effects of higher cash and lower gross debts.

## **2. Review of performance of the Group (cont'd)**

### **Review of Cash Flows**

Despite lower cash flows from operating activities, the Group's 1H2023 net cash flows from operation after changes working capital of Rp1,408 billion came in close to 1H2022 mainly due to lower inventories, lower receivables, lower advances to supplies, and lower income tax paid. This was partly offset by higher payables during the period.

Net cash flows used in investing activities were Rp638 billion in 1H2023 compared to Rp588 billion in 1H2022 mainly due to higher plasma projects, higher additions of biological assets and lower dividend received from a joint venture.

The Group recorded higher net cash used in financing activities of Rp548 billion in 1H2023 compared to 1H2022 mainly attributable to higher net repayment of loans during the period.

The Group's cash level increased from Rp4,422 billion as at 31 December 2022 to Rp4,585 billion as at 30 June 2023 largely due to positive operating free cash flows.

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

Not applicable.

### **4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

The global vegetable oil market outlook remains uncertain driven by global economic developments, geopolitical conflicts and rising protectionism. Climate change and weather patterns will have an adverse impact on plantation crops and operations and continue to drive commodity price volatility.

The Group will continue prioritising capital expenditure on critical infrastructure and tighten cost controls. We will also continue to focus on crop management activities and explore relevant innovations and mechanisation programmes to raise plantation productivity. Our refinery operations will be focusing on the growth and recovery of EOF sales volumes through competitive pricing strategies.

## **5. Dividends**

### **5a. If a decision regarding dividend has been made.**

*(a) Current Financial Period Reported On - any dividend recommended for the current financial year reported on?*

No dividend has been declared/ recommended for the financial period ended 30 June 2023.

*(b) Any dividend declared for the previous corresponding period?*

No dividend has been declared for the financial period ended 30 June 2022.

**5b. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Consistent with prior years, no dividend has been declared/ recommended for the financial period ended 30 June 2023. The Board will consider this at year-end based on the financial position of the Company i.e. Indofood Agri Resources Ltd.

**6. Disclosure of the aggregate value of the transactions conducted under the shareholders' mandate for interested person transaction Rule 920(1)(a)(ii) of the Listing Manual.**

The Group has the following interest person transactions ("IPT") for 1H2023:

<b>Name of Interested Person</b>	<b>Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
	<b>Rp 'billion</b>
<b>PT ISM Group</b>	
<ul style="list-style-type: none"><li>Sales of cooking oil, margarine and others</li><li>Purchase of goods, services and assets</li></ul>	2,566 97
<b>Salim Group</b>	
<ul style="list-style-type: none"><li>Sales of cooking oil, sugar and material</li><li>Purchases of goods and services</li><li>Shareholder loans</li><li>Corporate guarantees</li></ul>	733 304 1,717 1,563

Save as disclosed above, there was no IPT (excluding transactions of less than S\$100,000 each) entered into during 1H2023 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

**7. Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention which may render the Group's unaudited condensed interim financial statements for the six months ended 30 June 2023 to be false or misleading in any material aspect.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY THE ORDER OF THE BOARD**

Mark Julian Wakeford  
Chief Executive Officer and Executive Director

31 July 2023