

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

1(a)(i) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group - Q2 | | | Group - YTD 6 months | | |
|--|------------------|-----------------|----------------|----------------------|------------------|---------------|
| | 30/06/2019 | 30/06/2018 | Change | 30/06/2019 | 30/06/2018 | Change |
| | Rp ' million | Rp ' million | % | Rp ' million | Rp ' million | % |
| Revenue | 3,143,400 | 3,366,217 | (6.6) | 6,501,631 | 6,555,879 | (0.8) |
| Cost of sales | (2,973,288) | (2,860,215) | 4.0 | (5,870,553) | (5,403,514) | 8.6 |
| Gross Profit | 170,112 | 506,002 | (66.4) | 631,078 | 1,152,365 | (45.2) |
| Gross Profit % | 5.4% | 15.0% | | 9.7% | 17.6% | |
| Selling and distribution expenses | (143,475) | (123,048) | 16.6 | (254,036) | (241,931) | 5.0 |
| General and administrative expenses | (236,350) | (227,643) | 3.8 | (464,161) | (436,924) | 6.2 |
| Foreign exchange gain/ (loss) | 3,275 | (77,105) | n/m | 7,132 | (98,632) | n/m |
| Other operating income | 19,749 | 20,408 | (3.2) | 46,617 | 37,474 | 24.4 |
| Other operating expenses | (37,915) | (19,004) | 99.5 | (60,619) | (51,579) | 17.5 |
| Share of results of associate companies | (13,362) | 16,454 | n/m | (25,274) | 10,775 | n/m |
| Share of results of joint ventures | (2,245) | 14,156 | n/m | (38,264) | 11,222 | n/m |
| Gain/ (loss) arising from changes in fair value of biological assets | 11,156 | 383 | n/m | 33,159 | (11,247) | n/m |
| (Loss)/ profit from operations | (229,055) | 110,603 | (307.1) | (124,368) | 371,523 | n/m |
| Financial income | 23,790 | 26,593 | (10.5) | 49,075 | 54,931 | (10.7) |
| Financial expenses | (223,240) | (173,248) | 28.9 | (433,485) | (331,343) | 30.8 |
| (Loss)/ profit before tax | (428,505) | (36,052) | n/m | (508,778) | 95,111 | n/m |
| Income tax expenses | 35,821 | (62,866) | n/m | (14,204) | (141,492) | (90.0) |
| Net loss for the period | (392,684) | (98,918) | 297.0 | (522,982) | (46,381) | n/m |
| Core (loss)/ profit after tax ⁽¹⁾ | (392,643) | (23,138) | n/m | (543,322) | 72,332 | n/m |
| Loss attributable to: | | | | | | |
| Owners of the Company | (216,537) | (68,601) | 215.6 | (274,327) | (18,803) | n/m |
| Non-controlling interests | (176,147) | (30,317) | 481.0 | (248,655) | (27,578) | n/m |
| | (392,684) | (98,918) | 297.0 | (522,982) | (46,381) | n/m |

Notes

n/m denotes "Not Meaningful"

- (1) Earnings before the accounting for the effects of foreign exchange, fair value gain/ (loss) on biological assets and EIR amortization of financial assets.

| | Group - Q2 | | | Group - YTD 6 months | | |
|--|------------------|------------------|---------------|----------------------|------------------|---------------|
| | 30/06/2019 | 30/06/2018 | Change | 30/06/2019 | 30/06/2018 | Change |
| | Rp ' million | Rp ' million | % | Rp ' million | Rp ' million | % |
| Other comprehensive income (OCI): | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | |
| Foreign currency translation | 3,656 | (66,600) | n/m | (21,848) | (51,166) | (57.3) |
| Items that will not be reclassified to profit or loss | | | | | | |
| Unrealised gain for available-for-sales investment | 24 | - | n/m | 79 | - | n/m |
| Re-measurement (loss)/ gain on employee benefits liability | (1,092) | 32,843 | n/m | (2,185) | 16,079 | n/m |
| Share of OCI of an associate company and joint venture | (4,668) | (12,691) | (63.2) | 342 | (27,365) | n/m |
| Other comprehensive income for the period, net of tax | (2,080) | (46,448) | (95.5) | (23,612) | (62,452) | (62.2) |
| Total comprehensive income | (394,764) | (145,366) | 171.6 | (546,594) | (108,833) | 402.2 |
| Total comprehensive income attributable to:- | | | | | | |
| Owners of the Company | (217,998) | (134,254) | 62.4 | (296,600) | (91,483) | 224.2 |
| Non-controlling interests | (176,766) | (11,112) | n/m | (249,994) | (17,350) | n/m |
| | (394,764) | (145,366) | 171.6 | (546,594) | (108,833) | 402.2 |

n/m denotes "Not Meaningful"

*** Reclassification 2018 figures**

The 2018 figures in the statement of comprehensive income have been reclassified to conform with current period presentation.

| | As restated | As previously reported | Change | As restated | As previously reported | Change |
|--|-------------|------------------------|----------|-------------|------------------------|----------|
| | 2Q18 | 2Q18 | | 1H18 | 1H18 | |
| Statement of comprehensive income | | | | | | |
| Cost of sales | (2,860,215) | (2,848,272) | (11,943) | (5,403,514) | (5,379,615) | (23,899) |
| Selling and distribution expenses | (123,048) | (122,334) | (714) | (241,931) | (240,504) | (1,427) |
| General and administrative expenses | (227,643) | (240,300) | 12,657 | (436,924) | (462,250) | 25,326 |

Additional Information: -

Earnings before interests and tax expense, depreciation and amortization and fair value gain/ (loss) on biological assets ("EBITDA")

| | Group - Q2 | | | Group - YTD 6 months | | |
|--|--------------|--------------|--------|----------------------|--------------|--------|
| | 30/06/2019 | 30/06/2018 | Change | 30/06/2019 | 30/06/2018 | Change |
| | Rp ' million | Rp ' million | % | Rp ' million | Rp ' million | % |
| Profit from operations | (229,055) | 110,603 | n/m | (124,368) | 371,523 | n/m |
| Add: Depreciation & amortisation | 407,427 | 363,561 | 12.1 | 747,431 | 686,826 | 8.8 |
| Less: Gain/ (loss) arising from changes in fair value of biological assets | 11,156 | 383 | n/m | 33,159 | (11,247) | n/m |
| Less: Foreign exchange gain/ (loss) | 3,275 | (77,105) | n/m | 7,132 | (98,632) | n/m |
| EBITDA excludes foreign exchange gain/ (loss) | 163,941 | 550,886 | (70.2) | 582,772 | 1,168,228 | (50.1) |
| EBITDA% | 5.2 | 16.4 | | 9.0 | 17.8 | |

1(a)(ii). Profit before income tax is arrived at after charging/(crediting) the following significant items.

| Other information:- | Group - Q2 | | | Group - YTD 6 months | | |
|--|--------------|--------------|--------|----------------------|--------------|--------|
| | 30/06/2019 | 30/06/2018 | Change | 30/06/2019 | 30/06/2018 | Change |
| | Rp ' million | Rp ' million | % | Rp ' million | Rp ' million | % |
| Depreciation of property, plant and equipment | 377,278 | 348,147 | 8.4 | 699,459 | 666,181 | 5.0 |
| Amortisation of deferred charges and others | 30,149 | 15,414 | 95.6 | 47,972 | 20,645 | 132.4 |
| Interest on borrowings | 218,752 | 168,805 | 29.6 | 424,942 | 322,652 | 31.7 |
| Effective interest rate (EIR) amortisation of financial assets | 17,434 | 5,157 | 238.1 | 22,808 | 25,884 | (11.9) |
| Write-off of property, plant and equipment | 2,954 | 41 | n/m | 2,956 | 320 | n/m |
| (Gain)/ loss on disposal of property, plant and equipment | (239) | (165) | 44.8 | (977) | 1,882 | n/m |
| Changes in provision for asset dismantling costs | 1,024 | (2,177) | n/m | 1,325 | (3,131) | n/m |

n/m denotes "Not Meaningful"

1(b)(i). A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 30/06/2019 | 31/12/2018 | 30/06/2019 | 31/12/2018 |
| | Rp ' million | Rp ' million | Rp ' million | Rp ' million |
| Non-current assets | | | | |
| Biological assets | 329,250 | 328,500 | - | - |
| Property, plant and equipment | 19,470,476 | 21,213,418 | 34,554 | 36,400 |
| Right of use of assets | 1,928,888 | - | - | - |
| Goodwill | 3,245,317 | 3,245,317 | - | - |
| Claims for tax refund | 224,104 | 284,779 | - | - |
| Deferred tax assets | 1,225,587 | 1,125,003 | - | - |
| Investment in subsidiary companies | - | - | 10,633,423 | 10,633,423 |
| Investment in associate companies | 1,794,514 | 1,469,721 | 551,139 | 551,139 |
| Investment in joint ventures | 756,763 | 809,373 | - | - |
| Amount due from a subsidiary | - | - | 1,150,000 | 1,150,000 |
| Advances and prepayments | 532,125 | 476,077 | - | - |
| Other non-current receivables | 1,523,943 | 1,433,224 | 10 | 10 |
| Total non-current assets | 31,030,967 | 30,385,412 | 12,369,126 | 12,370,972 |
| Current assets | | | | |
| Inventories | 2,309,459 | 2,428,365 | - | - |
| Trade and other receivables | 1,315,864 | 1,395,471 | 166,614 | 93,424 |
| Advances and prepayments | 427,968 | 181,652 | 793 | 169 |
| Prepaid taxes | 395,917 | 336,031 | - | - |
| Biological assets | 577,509 | 516,656 | - | - |
| Assets held for sale | 41,795 | 41,795 | - | - |
| Cash and cash equivalents | 1,891,220 | 2,228,869 | 42,971 | 153,545 |
| Total current assets | 6,959,732 | 7,128,839 | 210,378 | 247,138 |
| Total assets | 37,990,699 | 37,514,251 | 12,579,504 | 12,618,110 |
| Current liabilities | | | | |
| Trade and other payables and accruals | 2,119,772 | 1,810,233 | 111,305 | 114,796 |
| Advances and taxes payable | 241,953 | 234,699 | - | - |
| Interest-bearing loans and borrowings | 6,817,077 | 6,971,649 | 127,269 | 1,085,351 |
| Income tax payable | 32,438 | 27,609 | 8 | 9 |
| Total current liabilities | 9,211,240 | 9,044,190 | 238,582 | 1,200,156 |
| Net current liabilities | (2,251,508) | (1,915,351) | (28,204) | (953,018) |

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/06/2019 | 31/12/2018 | 30/06/2019 | 31/12/2018 |
| | Rp ' million | Rp ' million | Rp ' million | Rp ' million |
| Non-current liabilities | | | | |
| Interest-bearing loans and borrowings | 4,965,565 | 4,218,271 | 927,296 | - |
| Amounts due to related parties and other payables | 427,859 | 427,859 | - | - |
| Provision and other liabilities | 33,332 | 32,007 | - | - |
| Lease Liabilities | 105,492 | - | - | - |
| Employee benefits liabilities | 2,438,523 | 2,323,955 | - | - |
| Deferred tax liabilities | 596,373 | 614,776 | 11,689 | 7,942 |
| Total non-current liabilities | 8,567,144 | 7,616,868 | 938,985 | 7,942 |
| Total liabilities | 17,778,384 | 16,661,058 | 1,177,567 | 1,208,098 |
| Net assets | 20,212,315 | 20,853,193 | 11,401,937 | 11,410,012 |
| Share capital | 3,584,279 | 3,584,279 | 10,912,411 | 10,912,411 |
| Treasury shares | (390,166) | (390,166) | (390,166) | (390,166) |
| Revenue reserves | 7,759,709 | 8,075,562 | 735,540 | 743,615 |
| Other reserves | 496,763 | 517,935 | 144,152 | 144,152 |
| | 11,450,585 | 11,787,610 | 11,401,937 | 11,410,012 |
| Non-controlling interests | 8,761,730 | 9,065,583 | - | - |
| Total equity | 20,212,315 | 20,853,193 | 11,401,937 | 11,410,012 |

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

| | Group | |
|---|-------------------|-------------------|
| | 30/06/2019 | 31/12/2018 |
| | Rp ' million | Rp ' million |
| (i) Interest bearing debt payable in one year or less, or on demand | | |
| Secured | 2,287,808 | 2,129,298 |
| Unsecured | 4,529,269 | 4,842,351 |
| Sub-total | 6,817,077 | 6,971,649 |
| (ii) Interest bearing debt repayable after one year | | |
| Secured | 4,038,269 | 4,218,271 |
| Unsecured | 927,296 | - |
| Sub-total | 4,965,565 | 4,218,271 |
| Total interest bearing debt payable | 11,782,642 | 11,189,920 |
| (iii) Lease liabilities * | 105,492 | - |
| Total borrowings and debt securities | 11,888,134 | 11,189,920 |

Details of the collaterals

The above bank term loans and investment loans are secured by corporate guarantees from a subsidiary and charge over the plantation assets of the respective subsidiary.

* These lease liabilities were relating to the adoption of SFRS(I) 16 Leases.

1(c). **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Group - Q2 | | Group - YTD 6 months | |
|--|----------------|------------------|----------------------|------------------|
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| | Rp ' million | Rp ' million | Rp ' million | Rp ' million |
| Cash flows from operating activities | | | | |
| (Loss)/ profit before taxation | (428,505) | (36,052) | (508,778) | 95,111 |
| Adjustments: | | | | |
| Depreciation and amortisation | 407,427 | 363,561 | 747,431 | 686,826 |
| Realisation of deferred costs | 59,371 | 38,842 | 60,596 | 38,842 |
| Unrealised foreign exchange (gain)/ loss | (2,334) | 69,050 | (10,509) | 97,156 |
| (Gain)/ loss arising from changes in fair value of biological assets | (11,156) | (383) | (33,159) | 11,247 |
| EIR amortisation of financial assets | 17,434 | 5,157 | 22,808 | 25,884 |
| Write-off of property, plant and equipment | 2,954 | 41 | 2,956 | 320 |
| (Gain)/ loss on disposal of property, plant and equipment | (239) | (165) | (977) | 1,882 |
| Changes in allowance for decline in market value and obsolescence of inventories | 1,255 | 4,796 | (18,669) | (15,800) |
| Changes in provision for asset dismantling costs | 1,024 | (2,177) | 1,325 | (3,131) |
| Change in estimated liability for employee benefits | 93,246 | 86,143 | 186,498 | 175,148 |
| Changes in fair value of long-term receivables | (189) | 211 | (319) | 83 |
| Share of results of associate companies | 13,362 | (16,454) | 25,274 | (10,775) |
| Share of results of joint ventures | 2,245 | (14,156) | 38,264 | (11,222) |
| Financial income | (23,790) | (26,593) | (49,075) | (54,931) |
| Financial expenses | 223,240 | 173,248 | 433,485 | 331,343 |
| Operating cash flows before working capital changes | 355,345 | 645,069 | 897,151 | 1,367,983 |
| Changes in working capital | | | | |
| Other non-current assets | 56,491 | 161,346 | 53,544 | 91,367 |
| Inventories | (71,801) | (326,681) | 137,576 | (506,284) |
| Trade and other receivables | 100,719 | (350,355) | (64,876) | (461,658) |
| Advances to suppliers | 76,749 | 52,666 | (102,622) | (133,517) |
| Prepaid taxes | 7,910 | (17,368) | 31,073 | (4,429) |
| Trade and other payables and accruals | (65,295) | 152,545 | 253,796 | 477,338 |
| Advances from customers | (14,592) | 58,936 | (38,158) | 25,550 |
| Cash flows generated from operations | 445,526 | 376,158 | 1,167,484 | 856,350 |
| Interest received | 24,277 | 28,698 | 49,586 | 55,904 |
| Interest paid | (223,127) | (164,588) | (431,143) | (317,333) |
| Income tax paid | (115,279) | (365,822) | (213,494) | (490,197) |
| Net cash flows generated from/ (used in) operating activities | 131,397 | (125,554) | 572,433 | 104,724 |

| | Group - Q2 | | Group - YTD 6 months | |
|---|------------------|------------------|----------------------|--------------------|
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| | Rp ' million | Rp ' million | Rp ' million | Rp ' million |
| Cash flows from investing activities | | | | |
| Additions to property, plant and equipment | (433,969) | (378,104) | (824,503) | (694,777) |
| Additions to biological assets | (46,887) | (822) | (76,985) | (4,230) |
| Increase in plasma receivables | (66,455) | (46,362) | (114,684) | (118,885) |
| Proceeds from disposal of property, plant and equipment | 2,834 | 5,542 | 6,590 | 9,951 |
| Advances for projects and purchases of fixed assets | (24,623) | (40,443) | (56,251) | (53,961) |
| Investment in a joint venture | - | - | - | (99,984) |
| Investment in associate companies | - | (104,523) | (357,516) | (104,523) |
| Net cash flows used in investing activities | (569,100) | (564,712) | (1,423,349) | (1,066,409) |
| Cash flows from financing activities | | | | |
| Proceeds from interest-bearing loans and borrowings | 1,399,817 | 1,245,120 | 2,344,568 | 1,786,150 |
| Repayment of interest-bearing loans and borrowings | (1,250,106) | (572,790) | (1,727,613) | (934,542) |
| Proceeds from amount due to related parties | - | 30,500 | - | 66,200 |
| Dividend payment by subsidiaries to non-controlling interests | (52,325) | (197) | (52,325) | (197) |
| Dividend payment to Company's shareholders | (36,662) | (102,713) | (36,662) | (102,713) |
| Net cash flows generated from financing activities | 60,724 | 599,920 | 527,968 | 814,898 |
| Net decrease in cash and cash equivalents | (376,979) | (90,346) | (322,948) | (146,787) |
| Effect of changes in exchange rates on cash and cash equivalents | (6,317) | 24,504 | (14,701) | 34,465 |
| Cash and cash equivalents at the beginning of the period | 2,274,516 | 2,883,194 | 2,228,869 | 2,929,674 |
| Cash and cash equivalents at the end of the period | 1,891,220 | 2,817,352 | 1,891,220 | 2,817,352 |

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

STATEMENT OF CHANGES IN EQUITY

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| | Rp ' million | Rp ' million | Rp ' million | Rp ' million |
| Issued Share | | | | |
| Balance as at 1 January / 30 June ⁽¹⁾ | 3,584,279 | 3,584,279 | 10,912,411 | 10,912,411 |
| Treasury shares of the Company | | | | |
| Balance as at 1 January / 30 June | (390,166) | (390,166) | (390,166) | (390,166) |
| Reserves | | | | |
| Balance as at 1 January (FRS framework) | 8,075,562 | 8,327,924 | 743,615 | 810,774 |
| Cumulative effects of adopting SFRS(I) [#] | - | (24,634) | - | - |
| Cumulative effects of adopting SFRS(I) 16 | (3,762) | - | - | - |
| Adjusted balance as at 1 January | 8,071,800 | 8,303,290 | 743,615 | 810,774 |
| Dividend payment | (36,662) | (102,713) | (36,662) | (102,713) |
| Actuarial loss on employee benefits liability | (1,102) | 6,378 | - | - |
| Net (loss)/ profit for the period | (274,327) | (18,803) | 28,587 | 40,741 |
| Balance as at 30 June | 7,759,709 | 8,188,152 | 735,540 | 748,802 |
| Other Reserves* | | | | |
| Balance as at 1 January (FRS framework) | 517,935 | 582,329 | 144,152 | 144,152 |
| Cumulative effects of adopting SFRS(I) [#] | - | 24,634 | - | - |
| Adjusted balance as at 1 January | 517,935 | 606,963 | 144,152 | 144,152 |
| Share of other comprehensive loss of a joint venture | (13,546) | (83,449) | - | - |
| Share of other comprehensive (loss)/ gain of an associate company | (7,673) | 4,392 | - | - |
| Unrealised gain for available-for-sales investment | 47 | - | - | - |
| Balance as at 30 June | 496,763 | 527,906 | 144,152 | 144,152 |
| Non-controlling Interests | | | | |
| Balance as at 1 January | 9,065,583 | 9,318,284 | - | - |
| Cumulative effects of adopting SFRS(I) 16 | (1,535) | - | - | - |
| Adjusted balance as at 1 January | 9,064,048 | 9,318,284 | - | - |
| Dividend payment | (52,325) | (165,602) | - | - |
| Actuarial loss on employee benefits liability | (1,083) | 9,701 | - | - |
| Foreign currency translation | (287) | 526 | - | - |
| Unrealised gain for available-for-sales investment | 32 | - | - | - |
| Net loss for the period | (248,655) | (27,578) | - | - |
| Balance as at 30 June | 8,761,730 | 9,135,331 | - | - |
| Total Equity | 20,212,315 | 21,045,502 | 11,401,937 | 11,415,199 |

Notes:

(1) The issued capital of the Group differs from that of the Company as a result of applying the reverse acquisition accounting in accordance with the former Singapore Financial Reporting Standard framework, SFRS 103. It represents the total of the deemed cost of acquisition immediately before the Acquisition and issue/placement of new shares by the Company subsequent to the Acquisition.

* Other reserves comprise capital reserves of subsidiary companies, gain on sale of treasury shares and foreign currency translation differences.

The figures were restated due to the application of exemptions upon the adoption of SFRS(I) framework where the cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, the amount of Rp24,634 million was adjusted against the opening retained earnings as at 1 January 2017.

- (d)(ii). **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issue of shares for cash or consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any shares during the period. As of 30 June 2019 and 31 December 2018, the number of issued shares was 1,447,782,830, of which 51,878,300 shares were held as treasury shares.

There were no outstanding convertibles as at 30 June 2019 and 31 December 2018.

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

| | Company | |
|---|------------------------|------------------------|
| | 30/06/2019 (' 000) | 31/12/2018 (' 000) |
| Total number of issued shares | 1,447,783 | 1,447,783 |
| Less: Treasury shares | (51,878) | (51,878) |
| Total number of issued shares excluding treasury shares | 1,395,905 | 1,395,905 |

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

| Treasury Shares | Company | |
|------------------------------|-------------------------|------------------------|
| | No of shares ('000) | Amount Rp ' million |
| Balance as at 1 January 2019 | 51,878 | 390,166 |
| Purchase of treasury shares | - | - |
| Balance as at 30 June 2019 | 51,878 | 390,166 |

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

This consolidated financial information has not been audited nor reviewed by the external auditors.

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

Not applicable.

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

The accounting policies have been consistently applied by the Company and the Group, and are consistent with those used in the previous financial year except for the adoption of new or revises SFRS(I) that are mandatory for financial years beginning on or after 1 January 2019.

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

SFRS (I) 16 Leases

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

The Group adopted the SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group has chosen, on a lease-by-lease basis, to measure the right-of-use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In addition, the Group elected the following practical expedients:

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of Rp123 billion and lease liabilities of Rp129 billion for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of Rp3.8 billion and non-controlling interests of Rp1.5 billion as of 1 January 2019. In addition, the Group will present land use rights of Rp1,849 billion as right-of-use assets as of 1 January 2019.

The Group has adopted the modified retrospective approach on the adoption of SFRS(I) 16. If the Group chose to adopt the full retrospective approach, the effects on the Balance Sheet would be as follows: -

| | 30 June 2019 | 31 December 2018 Restated | 1 January 2018 Restated |
|-------------------------------|---------------------|--------------------------------------|------------------------------------|
| Property, plant and equipment | 19,470,476 | 19,363,743 | 19,342,621 |
| Right of use of assets | 1,928,888 | 1,972,074 | 2,007,205 |
| Deferred tax assets | 1,225,587 | 1,126,768 | 1,347,777 |
| Lease Liabilities | 105,492 | 129,461 | 174,630 |
| Revenue reserves | 7,759,709 | 8,071,800 | 8,301,633 |
| Non-controlling interests | 8,761,730 | 9,064,048 | 9,317,539 |

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

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 2019.

| | Group - Q2 | | | Group - YTD 6 months | | |
|---|------------|------------|----------|----------------------|------------|----------|
| | 30/06/2019 | 30/06/2018 | Change % | 30/06/2019 | 30/06/2018 | Change % |
| Earnings per share (Rp) | | | | | | |
| Based on weighted average number of share | (155.1) | (49.1) | 215.6 | (196.5) | (13.5) | n/m |
| Based on a fully diluted basis | (155.1) | (49.1) | 215.6 | (196.5) | (13.5) | n/m |

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: -

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 2019 and 31 December 2018.

| | Group | | Company | |
|--|----------|----------|----------|----------|
| | 30/06/19 | 31/12/18 | 30/06/19 | 31/12/18 |
| Net asset value per share (Rp) | 8,203 | 8,444 | 8,168 | 8,174 |
| Net asset value per share (SGD 'cents) (converted at Rp10,446/S\$1) | 78.5 | 80.8 | 78.2 | 78.2 |

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

Review of Group Performance

| | Group - Q2 | | | Group - YTD 6 months | | |
|--|----------------------------|----------------------------|---------------|----------------------------|----------------------------|---------------|
| | 30/06/2019 Rp ' million | 30/06/2018 Rp ' million | Change % | 30/06/2019 Rp ' million | 30/06/2018 Rp ' million | Change % |
| Revenue | | | | | | |
| Plantations | | | | | | |
| External sales | 605,765 | 707,750 | (14.4) | 1,246,691 | 1,409,623 | (11.6) |
| Inter-segment sales * | 1,029,489 | 1,304,912 | (21.1) | 2,205,431 | 2,427,881 | (9.2) |
| Sub-total | 1,635,254 | 2,012,662 | (18.8) | 3,452,122 | 3,837,504 | (10.0) |
| Edible Oils & Fats ** | | | | | | |
| External sales | 2,537,635 | 2,658,467 | (4.5) | 5,254,940 | 5,146,256 | 2.1 |
| Inter-segment sales | - | 858 | n/m | 1,495 | 858 | 74.2 |
| Sub-total | 2,537,635 | 2,659,325 | (4.6) | 5,256,435 | 5,147,114 | 2.1 |
| Elimination of inter-segment sales | (1,029,489) | (1,305,770) | (21.2) | (2,206,926) | (2,428,739) | (9.1) |
| Total revenue to external parties | 3,143,400 | 3,366,217 | (6.6) | 6,501,631 | 6,555,879 | (0.8) |
| Gross Profit | 170,112 | 506,002 | (66.4) | 631,078 | 1,152,365 | (45.2) |
| Gross Profit % | 5.4% | 15.0% | | 9.7% | 17.6% | |

* Comprises mainly internal CPO sales to the Group's own refineries

** Comprises mainly cooking oil, margarine and copra-based products

Financial Performance

Overview: Weak agricultural commodity prices continued to affect negatively the performance of the Group's oil palm plantations and sugar operations. The Group reported a weak 2Q2019 result with higher net losses of Rp393 billion compared to 2Q2018. On year-to-date basis, net losses widened to Rp523 billion compared to Rp46 billion in 1H2018.

Revenue: The Group consolidated revenue (after elimination of inter-segment sales) decreased 7% in 2Q2019 and came in flat in 1H2019 compared to the same period last year. This was mainly due to lower contributions from Plantation Division on lower selling prices of palm products in 2Q2019 (CPO -15%, PK -38%) and in 1H2019 (CPO -16%, PK -44%). This was partly offset by higher sales contribution from EOF division.

Plantation Division's revenue declined 19% in 2Q2019 mainly attributable to lower selling prices of palm products and lower sales volume of CPO. Despite higher sales volume of palm products in 1H2019, plantation sales declined 10% reflecting mainly lower average selling prices.

On a positive note, EOF Division performed well with higher sales volume of edible oils and fats products. In 2Q2019 and 1H2019, however this was partly offset by lower selling prices.

Gross Profit: The Group's gross profit declined 66% and 45% in 2Q2019 and 1H2019 respectively mainly due to the effects of lower palm product prices (CPO -15%, PK -38%) in 2Q2019, and (CPO -16%, PK -44%) in 1H2019. This was partly offset by higher profit contribution from the EOF Division on lower raw material costs i.e. CPO.

Selling and Distribution Expenses (S&D): In 2Q2019, S&D increased 17% due to higher A&P and higher freight and distribution expenses. On year-to-date basis, the higher S&D was attributable to distribution expenses and freight charges in line with higher sales of edible oil products.

Other Operating Expenses: Higher operating expenses in 2Q2019 was due to higher EIR amortization of financial assets (i.e. plasma receivables).

Foreign Exchange Gain/ (Loss): The foreign exchange impacts were principally attributable to the translation of US dollar denominated loans, assets and liabilities. The Group recognized foreign currency gain of Rp7 billion in 1H2019 compared to Rp99 billion loss in 1H2018. The foreign currency gain in 1H2019 was mainly due to strengthening of Indonesia Rupiah against US Dollar to Rp14,141/US\$ as of 30 June 2019 versus Rp14,481/US\$ at the end of December 2018.

Share of Results of Associate Companies: The Group recognised share of losses of Rp13 billion in 2Q2019 and Rp25 billion in 1H2019 compared to share of profit in the comparative periods in 2018. This was mainly attributable to losses from FPNRL, reflecting falling sugar prices and intense competition relating to Roxas sugar business in the Philippines.

Share of Results of Joint Ventures: The Company reported share of losses of Rp2 billion in 2Q2019 and Rp38 billion in 1H2019 compared to share of profit in the comparative periods in 2018. This was mainly due to falling sugar and ethanol prices, and forex losses arising from the weakening of Brazilian real.

Gain/ (Loss) Arising from Changes in Fair Values of Biological Assets: The Group reported Rp33 billion biological assets gain in 1H2019 compared to Rp11 billion loss in 1H2018. The fair value gain in 1H2019 was mainly due to fresh fruit bunches, oil palm seeds and industrial timber valuations.

(Loss)/ Profit from Operations: The Group reported loss from operations of Rp229 billion in 2Q2019 and Rp124 billion in 1H2019 compared to profit in the comparative periods in 2018. This was mainly attributable to significantly lower gross profit but partly offset by positive foreign exchange impact.

Financial Expenses: The Group's 2Q2019 and 1H2019 financial expenses increased by 29% and 31% respectively over the same periods in 2018 mainly due to higher working capital facilities and higher blended interest rate.

Income Tax Expense: The Group recognised lower income tax expenses in 1H2019 in line with lower operating performance. However, the effective tax rates remained high mainly due to non-deductible expenses and write-off of expired tax losses.

Net Loss After Tax: The Group reported higher net losses after tax of Rp393 billion in 2Q2019 and Rp523 billion in 1H2019 compared to the same periods in 2018. This was mainly due to weak operating profit and higher financial expenses.

The Group's core loss was Rp543 billion in 1H2019 versus a core profit of Rp72 billion in 1H2018.

Review of Financial Position

As of June 2019, total non-current assets of Rp31.0 trillion was slightly higher compared to Rp30.4 trillion in December 2018. The increase was mainly attributable to capital injections in associate companies (i.e. AIM and Daitocacao) of Rp358 billion, additions of fixed assets, advances for projects and plasma receivables.

The Group's total current assets declined slightly to Rp7.0 trillion as of June 2019 from Rp7.1 trillion in December 2018. The decrease was mainly due to (i) lower cash level; (ii) lower trade and other receivables; and (iii) lower CPO inventories. This was partly offset by higher advances for CPO purchases and prepayments.

Total current liabilities maintained at Rp9.2 trillion as of June 2019. The Group reported higher trade and other payables and accruals, but this was fully offset by lower short-term interest-bearing loans and borrowings.

Total non-current liabilities increased 13% to Rp8.6 trillion as of June 2019 compared to Rp7.6 trillion in last year end. This was mainly due to higher interest-bearing loans and borrowings following the renewal of a long-term facility in 1H2019 and higher employee benefits liabilities.

Review of Cash Flows

Despite soft operating results, the Group generated higher net cash flows from operations of Rp572 billion in 1H2019 compared to Rp105 billion in 1H2018. This was mainly due to improved working capital arising from lower inventories and trade and other receivables.

Net cash flows used in investing activities in 1H2019 was Rp1,423 billion compared to Rp1,066 billion in 1H2018 mainly attributable to additions of property, plant and equipment and investment in associate companies of Rp358 billion.

Net cash flows generated from financing activities were Rp528 billion in 1H2019. The increase was mainly due to the drawdown of short-term working capital facilities to fund the operations.

The Group's cash levels decreased from Rp2,229 billion at end December 2018 to Rp1,891 billion at June 2019.

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

Not applicable.

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

The ongoing US-China trade tensions continue to affect the global trade flows and economic growth. These uncertain global developments have negatively impacted the prices of agricultural commodities. Rotterdam CIF CPO prices decreased 11% to an average of US\$533 per tonne in 1H2019 from US\$601 per tonne in FY2018. CPO prices will remain volatile with demand projected from key import markets like China and India, together with the relative price of crude oil which affects biodiesel demand.

Against this backdrop of a volatile commodity price environment, we prioritise our capital expenditure investment in growth area and focus on cost control measures and other innovations to increase productivity.

11. *If a decision regarding dividend has been made.*

(a) *Current Financial Period Reported On*

Nil.

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

Nil.

12. *If no dividend has been declared (recommended), a statement to that effect.*

The Board will review this at year end.

13. 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 the interest person transactions ("IPT") for the first half of 2019:

| 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 | |
| <ul style="list-style-type: none"> • Sales of cooking oil, margarine and others • Purchase of goods, services and assets | <p style="margin-left: 100px;">1,819</p> <p style="margin-left: 100px;">98</p> |
| Salim Group | |
| <ul style="list-style-type: none"> • Sales of cooking oil, seeds and material • Purchases of goods and services • Shareholder loans • Corporate guarantees | <p style="margin-left: 100px;">919</p> <p style="margin-left: 100px;">344</p> <p style="margin-left: 100px;">853</p> <p style="margin-left: 100px;">2,868</p> |

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

The Company confirms that is 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.

15. 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 financial statements for the half year ended 30 June 2019 to be false or misleading in any material aspect.

BY THE ORDER OF THE BOARD

Mark Julian Wakeford
 Chief Executive Officer and Executive Director

31 July 2019