

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

For the Six Months & Full Year Ended 31 December 2023

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Condensed Interim Consolidated Statement of Comprehensive Income

		2H2023	2H2022	Change	FY2023	FY2022	Change
	Note	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Revenue	4	8,394,318	9,724,211	(13.7)	16,002,817	17,797,065	(10.1)
Cost of sales		(6,345,426)	(7,328,424)	(13.4)	(12,721,023)	(13,238,358)	(3.9)
Gross profit		2,048,892	2,395,787	(14.5)	3,281,794	4,558,707	(28.0)
Gross profit %		24.4%	24.6%		20.5%	25.6%	
Selling and distribution expenses		(253,251)	(286,652)	(11.7)	(488,231)	(492,762)	(0.9)
General and administrative expenses		(359,861)	(353,292)	1.9	(754,443)	(770,446)	(2.1)
Foreign exchange gain/(loss)		40,366	59,058	(31.7)	(1,663)	66,615	n/m
Other operating income		220,374	124,837	76.5	278,692	197,695	41.0
Other operating expenses		(346,102)	(464,432)	(25.5)	(399,070)	(732,072)	(45.5)
Share of results of associate companies		(75,221)	(17,673)	325.6	(114,924)	(41,281)	178.4
Share of results of joint ventures		147,554	88,203	67.3	132,816	51,930	155.8
Gain/(loss) arising from changes in fair value of biological assets		57,475	(28,358)	n/m	12,873	(136,112)	n/m
Profit from operations		1,480,226	1,517,478	(2.5)	1,947,844	2,702,274	(27.9)
Financial income		96,065	53,505	79.5	178,358	95,546	86.7
Financial expenses		(290,434)	(300,148)	(3.2)	(599,325)	(579,912)	3.3
Profit before tax	5	1,285,857	1,270,835	1.2	1,526,877	2,217,908	(31.2)
Income tax expenses	6	(442,336)	(495,060)	(10.7)	(590,657)	(900,151)	(34.4)
Net profit for the period/year		843,521	775,775	8.7	936,220	1,317,757	(29.0)
Core profit after tax ⁽¹⁾		988,379	1,149,199	(14.0)	1,160,836	1,965,313	(40.9)
Profit attributable to:							
Owners of the Company		525,597	518,005	1.5	614,244	769,977	(20.2)
Non-controlling interests		317,924	257,770	23.3	321,976	547,780	(41.2)
		843,521	775,775	8.7	936,220	1,317,757	(29.0)

Notes

n/m denotes "Not Meaningful"

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

Condensed Interim Consolidated Statement of Comprehensive Income (cont'd)

	2H2023	2H2022	Change	FY2023	FY2022	Change
Note	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	27,049	63,672	(57.5)	46,514	125,515	(62.9)
Items that will not be reclassified to profit or loss						
Re-measurement gain on employee benefits liabilities	11,865	190,432	(93.8)	7,118	189,631	(96.2)
Income tax effect related to re-measurement gain on employee benefits liabilities	(2,610)	(41,895)	(93.8)	(1,566)	(41,720)	(96.2)
Share of OCI of an associate company and joint ventures	82,608	206,764	(60.0)	107,350	436,703	(75.4)
Other comprehensive income, net of tax	118,912	418,973	(71.6)	159,416	710,129	(77.6)
Total comprehensive income	962,433	1,194,748	(19.4)	1,095,636	2,027,886	(46.0)
Total comprehensive income attributable to:						
Owners of the Company	637,455	874,101	(27.1)	768,368	1,417,041	(45.8)
Non-controlling interests	324,978	320,647	1.4	327,268	610,845	(46.4)
	962,433	1,194,748	(19.4)	1,095,636	2,027,886	(46.0)
Earnings per share (in Rupiah) 7						
Basic (Rp)	377	371	1.5	440	552	(20.2)
Diluted (Rp)	377	371	1.5	440	552	(20.2)

Notes

n/m denotes "Not Meaningful"

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31/12/2023 Rp ' million	31/12/2022 Rp ' million	31/12/2023 Rp ' million	31/12/2022 Rp ' million
Non-current assets					
Biological assets		322,454	322,743	–	–
Property, plant and equipment	9	17,582,357	18,135,698	18,385	21,848
Right-of-use assets	9	1,994,475	2,058,633	–	–
Goodwill	10	3,078,520	3,084,624	–	–
Claims for tax refund		66,291	40,847	–	–
Deferred tax assets	11	278,904	276,080	–	–
Investment in subsidiary companies	12.1	–	–	10,707,410	10,707,410
Investment in associate companies	12.2	1,369,856	1,487,071	–	439,254
Investment in joint ventures	12.3	1,172,547	946,170	–	–
Amount due from a subsidiary		–	–	316,000	759,000
Advances and prepayments		366,960	393,470	–	–
Other non-current receivables		941,461	968,253	15	11
Total non-current assets		27,173,825	27,713,589	11,041,810	11,927,523
Current assets					
Inventories		2,471,178	3,268,036	–	–
Trade and other receivables		858,365	1,323,662	9,553	19,300
Advances and prepayments		383,636	490,321	696	306
Prepaid taxes		202,960	240,588	–	–
Biological assets		764,416	769,634	–	–
Assets held for sale	9	37,805	37,805	–	–
Cash and cash equivalents		5,225,530	4,422,371	55,800	94,621
Total current assets		9,943,890	10,552,417	66,049	114,227
Total assets		37,117,715	38,266,006	11,107,859	12,041,750
Current liabilities					
Trade and other payables and accruals		2,078,820	2,418,587	15,122	121,781
Advances and other payables		327,992	321,270	–	–
Lease liabilities	9	41,055	46,772	–	–
Interest-bearing loans and borrowings	14	6,943,245	6,912,271	–	218,032
Income tax payable		190,680	184,189	39,780	51
Total current liabilities		9,581,792	9,883,089	54,902	339,864
Net current assets/(liabilities)		362,098	669,328	11,147	(225,637)

Condensed Interim Statements of Financial Position (cont'd)

	Note	Group		Company	
		31/12/2023 Rp ' million	31/12/2022 Rp ' million	31/12/2023 Rp ' million	31/12/2022 Rp ' million
Non-current liabilities					
Interest-bearing loans and borrowings	14	852,807	2,232,058	–	394,534
Amounts due to related parties and other payables		630,713	603,594	–	–
Provisions		38,327	37,058	–	–
Lease Liabilities	9	89,480	123,039	–	–
Employee benefits liabilities		1,254,740	1,529,961	–	–
Deferred tax liabilities	11	753,753	705,515	27,641	29,645
Total non-current liabilities		3,619,820	5,231,225	27,641	424,179
Total liabilities		13,201,612	15,114,314	82,543	764,043
Net assets		23,916,103	23,151,692	11,025,316	11,277,707
Equity attributable to owners of the Company					
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		9,710,913	9,220,230	358,919	611,310
Other reserves		639,632	485,508	144,152	144,152
		13,544,658	12,899,851	11,025,316	11,277,707
Non-controlling interests		10,371,445	10,251,841	–	–
Total equity		23,916,103	23,151,692	11,025,316	11,277,707

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		
At 1 January 2023	3,584,279	(390,166)	9,220,230	485,508	12,899,851	10,251,841	23,151,692
Net profit for the year	–	–	614,244	–	614,244	321,976	936,220
Other comprehensive income	–	–	–	154,124	154,124	5,292	159,416
Dividend payment to Company's shareholders	–	–	(123,561)	–	(123,561)	(207,664)	(331,225)
Balance at 31 December 2023	3,584,279	(390,166)	9,710,913	639,632	13,544,658	10,371,445	23,916,103

	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		
At 1 January 2022 (As previously reported)	3,584,279	(390,166)	8,523,010	(154,807)	11,562,316	9,807,698	21,370,014
Impact on application of IFRIC Agenda Decision on SFRS(l) 1-19 *	–	–	45,058	(6,749)	38,309	27,613	65,922
At 1 January 2022 (As restated)	3,584,279	(390,166)	8,568,068	(161,556)	11,600,625	9,835,311	21,435,936
Net profit for the year	–	–	769,977	–	769,977	547,780	1,317,757
Other comprehensive income	–	–	–	647,064	647,064	63,065	710,129
Dividend payments to Company's shareholders	–	–	(117,815)	–	(117,815)	(194,315)	(312,130)
Balance at 31 December 2022	3,584,279	(390,166)	9,220,230	485,508	12,899,851	10,251,841	23,151,692

* 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
At 1 January 2023	10,912,411	(390,166)	611,310	144,152	11,277,707
Net loss for the year	–	–	(128,830)	–	(128,830)
Dividend payment to Company's shareholders	–	–	(123,561)	–	(123,561)
Balance at 31 December 2023	10,912,411	(390,166)	358,919	144,152	11,025,316

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
At 1 January 2022	10,912,411	(390,166)	670,055	144,152	11,336,452
Net profit for the year	–	–	59,070	–	59,070
Dividend payment to Company's shareholders	–	–	(117,815)	–	(117,815)
Balance at 31 December 2022	10,912,411	(390,166)	611,310	144,152	11,277,707

Condensed Interim Consolidated Statement of Cash Flows

	Note	FY2023 Rp ' million	FY2022 Rp ' million
Cash flows from operating activities			
Profit before taxation		1,526,877	2,217,908
Adjustments for:			
Depreciation and amortisation		1,517,873	1,473,746
Realisation of deferred costs		241,145	231,318
Unrealised foreign exchange loss/(gain)		551	(59,332)
(Write-back)/allowance for doubtful account	13	(122)	27
(Gain)/loss arising from changes in fair value of biological assets		(12,873)	136,112
Gain on write-off/disposal of right-of-use assets		(153)	(27)
Gain on disposal of property, plant and equipment		(25,042)	(1,632)
Gain on disposal of assets held for sale		–	(31,776)
Write-off of property, plant and equipment		3,171	16,165
Changes in allowance for decline in market value and obsolescence of inventories		(73,072)	78,323
Changes in provision for asset dismantling costs		1,269	(1,979)
Changes in estimated liability for employee benefits		(169,742)	55,096
Allowance for uncollectible and loss arising from changes in amortised cost of plasma receivables	13	116,256	369,384
Loss arising from changes in amortised cost of long-term receivables		205	110
Share of results of associate companies		114,924	41,281
Share of results of joint ventures		(132,816)	(51,930)
Impairment of property, plant and equipment		183,387	157,425
Impairment of goodwill		6,104	126,803
Financial income		(178,358)	(95,546)
Financial expenses		599,325	579,912
Operating cash flows before changes in working capital		3,718,909	5,241,388
Changes in working capital:			
Decrease in other non-current receivables		4,823	98,300
Decrease/(increase) in inventories		869,930	(691,017)
Decrease in trade and other receivables		467,334	238,637
Decrease/(increase) in advances to suppliers		106,684	(30,047)
Decrease/(increase) in prepaid taxes, advances and prepayments		49,311	(154,137)
(Decrease)/increase in trade and other payables and accruals		(424,448)	301,320
Cash flows from operations		4,792,543	5,004,444
Interest received		176,292	93,039
Interest paid		(578,786)	(535,455)
Income tax paid		(587,725)	(930,161)
Net cash flows from operating activities		3,802,324	3,631,867

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

	Note	FY2023 Rp ' million	FY2022 Rp ' million
Cash flows from investing activities			
Additions to property, plant and equipment	9	(977,888)	(1,239,002)
Additions to leases	9	–	(1,170)
Additions to biological assets		(280,062)	(237,362)
(Increase)/decrease in plasma receivables		(84,129)	13,294
Proceeds from disposal of property, plant and equipment	9	34,598	30,333
Advances for projects and purchases of property, plant and equipment		(8,576)	(13,175)
Dividend received from a joint venture		63,712	127,703
Additional investment in a joint venture		–	(83,447)
Additional investment in associate companies		–	(62,794)
Net cash flows used in investing activities		(1,252,345)	(1,465,620)
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings		5,819,000	6,149,714
Repayment of interest-bearing loans and borrowings		(7,146,863)	(7,408,151)
Dividend payments by subsidiaries to non-controlling interests		(207,664)	(194,315)
Dividend payment to Company's shareholders		(123,561)	(117,815)
Payment of principal portion of lease liability	9	(57,258)	(57,002)
Net cash flows used in financing activities		(1,716,346)	(1,627,569)
Net increase in cash and cash equivalents		833,633	538,678
Effect of changes in exchange rates on cash and cash equivalents		(30,474)	120,049
Cash and cash equivalents at the beginning of the year		4,422,371	3,763,644
Cash and cash equivalents at the end of the year		5,225,530	4,422,371

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 and full year ended 31 December 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 company of the Company, respectively. The immediate holding company is Indofood Singapore Holdings Pte. Ltd., incorporated in Singapore.

2. *Basis of Preparation*

The unaudited condensed interim financial statements for the six months ("2H2023") and full year ended 31 December 2023 ("FY2023") 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 material to understand the changes in the Group's financial position and performance since the last interim financial statements for the period ended 30 June 2023.

The Group has applied the same accounting policies in the preparation of the financial statements for the current period/year 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.

2.1 *New and amended standards adopted by the Group*

The Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial period beginning on 1 January 2023. The adoption of these standards 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 applied to the FY2022 consolidated financial statements.

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

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.

3.1 Judgements made in applying accounting policies

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

- 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 31 December 2023 is Rp2,388.5 billion (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 31 December 2023 is disclosed in Note 13.

3.2 Key sources of estimation uncertainty

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

Goodwill was tested for impairment as at 31 October 2023. As at 31 December 2023, there was no significant change in the assumptions used by management that could have significant impact in determining the recoverable value of the goodwill.

Impairment review is performed when certain impairment indication is present. In the case of goodwill, such assets are subject to annual impairment test and whenever there is an indication that such asset may be impaired. Management has to use its judgement in estimating the recoverable amount. During the year, the Group recorded an impairment loss of Rp6.1 billion (2022: Rp126.8 billion) for the goodwill allocated to a CGU (i.e. PT MLI) as the recoverable amount was lower than its' carrying value. Other than this CGU, the respective recoverable value of the other CGUs exceeds the carrying value as at 31 December 2023, and hence no impairment loss is required to be recognised.

The carrying amount of the Group's goodwill as at 31 December 2023 is Rp3,078.5 billion (2022: Rp3,084.6 billion). Further details are disclosed in Note 10.

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

3.2 Key sources of estimation uncertainty (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.

During the year, the Group recorded an impairment loss of Rp183.3 billion (2022: Rp157.4 billion) to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts. For the remaining rubber bearer plants, management concluded that the recoverable amount was higher than their carrying amounts and hence no impairment loss was required. This was recognised in the statement of comprehensive income under other operating expenses.

The net carrying amount of the Group's property, plant and equipment as at 31 December 2023 is Rp17,582.4 billion (31 December 2022: Rp18,135.7 billion). Further details are disclosed in Note 9.

- Income tax

Significant judgement is involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority. The carrying amount of the Group's tax payables as at 31 December 2023 is Rp190.7 billion (2022: Rp184.2 billion).

The management exercises judgement to record the amount of recoverable and refundable tax claims by the Tax Office based on the interpretations of current tax regulations. The carrying amount of the Group's claims for tax refund and tax assessments under appeal as at 31 December 2023 is Rp66.3 billion (2022: Rp40.8 billion).

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 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 FY2023 and FY2022, other than Indonesia, no other country accounted for 10% or more of the Group's revenue.

	Plantations		Edible Oils and Fats		Eliminations		Total	
	2H2023 Rp ' million	2H2022 Rp ' million	2H2023 Rp ' million	2H2022 Rp ' million	2H2023 Rp ' million	2H2022 Rp ' million	2H2023 Rp ' million	2H2022 Rp ' million
Sales channel								
Third party	3,008,149	3,168,934	5,386,169	6,555,277	–	–	8,394,318	9,724,211
Inter-segment	3,162,186	2,903,651	11,190	15,620	(3,173,376)	(2,919,271)	–	–
	6,170,335	6,072,585	5,397,359	6,570,897	(3,173,376)	(2,919,271)	8,394,318	9,724,211
Primary geographical markets								
Indonesia	5,982,614	5,205,184	4,286,170	4,773,287	(3,173,376)	(2,919,271)	7,095,408	7,059,200
Outside Indonesia	187,721	867,401	1,111,189	1,797,610	–	–	1,298,910	2,665,011
	6,170,335	6,072,585	5,397,359	6,570,897	(3,173,376)	(2,919,271)	8,394,318	9,724,211
Major product lines								
CPO	4,655,226	4,454,025	–	–	(3,162,172)	(2,903,652)	1,493,054	1,550,373
Palm kernel & related products	534,029	658,763	–	–	–	–	534,029	658,763
Edible Oils and Fats	–	–	5,383,231	6,570,897	–	(15,619)	5,383,231	6,555,278
Others	981,080	959,797	14,128	–	(11,204)	–	984,004	959,797
	6,170,335	6,072,585	5,397,359	6,570,897	(3,173,376)	(2,919,271)	8,394,318	9,724,211

4. Disaggregation of revenue (cont'd)

	Plantations		Edible Oils and Fats		Eliminations		Total	
	FY2023 Rp ' million	FY2022 Rp ' million	FY2023 Rp ' million	FY2022 Rp ' million	FY2023 Rp ' million	FY2022 Rp ' million	FY2023 Rp ' million	FY2022 Rp ' million
Sales channel								
Third party	4,701,701	5,134,636	11,301,116	12,662,429	–	–	16,002,817	17,797,065
Inter-segment	6,147,134	6,592,674	13,381	16,771	(6,160,515)	(6,609,445)	–	–
	10,848,835	11,727,310	11,314,497	12,679,200	(6,160,515)	(6,609,445)	16,002,817	17,797,065
Primary geographical markets								
Indonesia	10,462,508	10,811,185	9,458,487	10,570,551	(6,160,515)	(6,609,445)	13,760,480	14,772,291
Outside Indonesia	386,327	916,125	1,856,010	2,108,649	–	–	2,242,337	3,024,774
	10,848,835	11,727,310	11,314,497	12,679,200	(6,160,515)	(6,609,445)	16,002,817	17,797,065
Major product lines								
CPO	8,227,764	8,736,116	–	–	(6,147,120)	(6,592,675)	2,080,644	2,143,441
Palm Kernel & related products	998,710	1,322,849	–	–	–	–	998,710	1,322,849
Edible Oils and Fats	–	–	11,298,178	12,679,200	–	(16,770)	11,298,178	12,662,430
Others	1,622,361	1,668,345	16,319	–	(13,395)	–	1,625,285	1,668,345
	10,848,835	11,727,310	11,314,497	12,679,200	(6,160,515)	(6,609,445)	16,002,817	17,797,065

5. Profit before taxation

The following items have been included in arriving at profit before tax:

	2H2023 Rp ' million	2H2022 Rp ' million	Change %	FY2023 Rp ' million	FY2022 Rp ' million	Change %
Depreciation of property, plant and equipment	739,982	713,718	3.7	1,437,994	1,381,936	4.1
Amortisation of deferred charges, right-of-use assets and others	40,657	51,725	(21.4)	79,879	91,810	(13.0)
Impairment loss of property, plant and equipment	183,387	131,210	39.8	183,387	157,425	16.5
Impairment of goodwill	6,104	126,803	(95.2)	6,104	126,803	(95.2)
Allowance for uncollectible and loss arising from changes in amortised cost	91,705	178,472	(48.6)	116,256	369,384	(68.5)
Write-off of property, plant and equipment	520	2,427	(78.6)	3,171	16,165	(80.4)
Gain on disposal of property, plant and equipment	(23,476)	1,405	n/m	(25,042)	(1,632)	n/m
Changes in provision for asset dismantling costs	724	(550)	n/m	1,269	(1,979)	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:

	Group			
	2H2023	2H2022	FY2023	FY2022
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
Current income tax expense	390,912	315,780	547,087	795,329
Deferred income tax expense relating to origination and reversal of temporary differences	51,424	179,280	43,570	104,822
	442,336	495,060	590,657	900,151

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 31 December 2023.

	Group					
	2H2023	2H2022	Change	FY2023	FY2022	Change
Earnings per share	Rp	Rp	%	Rp	Rp	%
Based on weighted average number of shares	377	371	1.5	440	552	(20.2)
Based on a fully diluted basis	377	371	1.5	440	552	(20.2)

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 31 December 2023 and 2022.

	Group		Company	
	FY2023	FY2022	FY2023	FY2022
As at 31 December				
Net asset value per share (Rp)	9,703	9,241	7,898	8,079
Net asset value per share (SGD 'cents) (converted at Rp11,712 /S\$1)	82.8	78.9	67.4	69.3

9. *Property, plant and equipment and Leases*

Property, plant and equipment

In FY2023, the Group acquired property, plant and equipment amounting to Rp977.9 billion (FY2022: Rp1,239.0 billion). The proceeds from the disposal of property, plant and equipment amounting to Rp34.6 billion (FY2022: Rp30.3 billion) and gain on disposal of property, plant and equipment amounting to Rp25.0 billion (FY2022: Rp1.6 billion)

During the year, the Group identified the existence of impairment indicators on certain rubber bearer plants upon consideration of the market environment, conditions of the rubber plantations, production yield and the outlook of these plantation estates and determined the recoverable amount based on fair value less costs of disposal ("FVLCD"), using discounted cash flow method. The Group recorded an impairment loss of Rp183.4 billion (FY2022: Rp157.4 billion) to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts. For the remaining rubber bearer plants, management concluded that the recoverable amount was higher than their carrying amounts and hence no impairment loss was required.

Right-of-use assets

There was no addition to leases in FY2023 (FY2022: Rp1.2 billion).

In FY2023, the Group's payment of principal portion of lease liabilities amounted to Rp57.3 billion (FY2022: Rp57.0 billion).

There was no disposal of right-of-use assets in FY2023 and FY2022.

Asset held for sale

On 21 December 2017, a subsidiary, Lonsum entered into a Sale and Purchase Agreement ("SPA") with an entity under common control, PT ICBP for the sale of several parcels of its land with an area approximately of 125 hectares in the Province of Banten, Sumatra Indonesia. The said land was therefore classified as "Asset held for sale". The SPA had been amended to extend the completion date by 31 December 2025.

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

As of February 2024, the disposal of the remaining parcels of land is still being processed by both parties.

10. *Goodwill*

	31/12/2023	31/12/2022
	Rp ' million	Rp ' million
As at 1 January	3,084,624	3,211,427
Impairment of goodwill	(6,104)	(126,803)
Balance as at 31 December	<u>3,078,520</u>	<u>3,084,624</u>

10. Goodwill (cont'd)

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

	31/12/2023	31/12/2022
	Rp ' million	Rp ' million
Integrated plantation estates of Lonsum	2,909,757	2,909,757
Integrated plantation estates of PT GS	8,055	8,055
Integrated plantation estates of PT MPI	2,395	2,395
Plantation estates of PT LPI	37,230	37,230
Integrated plantation estates of PT MISP	34,087	34,087
Plantation estates of PT SAL	86,996	86,996
Plantation estates of PT MLI	–	6,104
Total	3,078,520	3,084,624

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.

The recoverable amount of the goodwill allocated to the plantation estates of PT Lonsum, PT GS, PT MPI and PT MISP have been determined based on value-in-use calculations. The recoverable amounts of the goodwill allocated to 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.

Based on the impairment assessment, an impairment loss of Rp6.1 billion (FY2022: Rp126.8 billion) was recognised to fully write-down the carrying amount of goodwill allocated to a CGU, PT MLI (FY2022: PT SBN, PT CNIS, PT SAIN, PT RAP and PT JS), as the carrying value of the goodwill for the CGU was in excess of its recoverable amount.

The following assumptions were used to estimate the recoverable amounts:

Cash generating units	Carrying amount of goodwill	Pre-tax discount rate		Growth rate after forecast period	
		31 October 2023	31 October 2022	31 October 2023	31 October 2022
Recoverable amount assessment based on value-in-use					
Integrated plantation estates of Lonsum	2,909,757	12.90%	13.00%	5.15%	5.30%
Recoverable amount assessment based on FVLCD					
Integrated plantation estates of PT GS	8,055	12.60%	13.23%	5.15%	5.30%
Integrated plantation estates of PT MPI	2,395	12.59%	13.02%	5.15%	5.30%
Plantation estates of PT LPI	37,230	10.56%	10.76%	5.15%	5.30%
Integrated plantation estates of PT MISP	34,087	12.24%	12.79%	5.15%	5.30%
Plantation estates of PT SAL	86,996	12.38%	12.74%	5.15%	5.30%
Plantation estates of PT MLI	–	14.34%	10.70%	5.15%	5.30%
Sub-total	168,763				
Grand total	3,078,520				

11. Deferred tax

Deferred tax relates to the following:

	31/12/2023	31/12/2022
	Rp ' million	Rp ' million
Temporary tax differences:		
Property, plant and equipment	(913,174)	(919,609)
Biological assets	(140,431)	(164,121)
Withholding tax on unremitted foreign interest income	(27,641)	(29,645)
Adjustments for uncollectible and loss arising from changes in amortised cost of plasma receivables	90,214	75,634
Allowance for employees benefit expenses	22,418	20,419
Allowance for decline in market value and obsolescence of inventories	28,654	44,764
Provision for unrecoverable advance	12,915	12,915
Employee benefits liabilities	267,861	333,972
Deferred inter-company profits	21,457	30,931
Tax losses carry forward	47,902	103,384
Impairment of property, plant and equipment	125,649	92,142
Others	(10,673)	(30,221)
Total	<u>(474,849)</u>	<u>(429,435)</u>
Classified as:		
Deferred tax assets	278,904	276,080
Deferred tax liabilities	<u>(753,753)</u>	<u>(705,515)</u>

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

12.1 Investment in subsidiary companies

	Company	
	31/12/2023	31/12/2022
	Rp ' million	Rp ' million
Shares, at cost	10,707,410	10,706,846
Issuance of shares for investment in a new subsidiary	–	564
Carrying value of investment	<u>10,707,410</u>	<u>10,707,410</u>

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. There was no acquisition and disposal of subsidiary during the reporting period/year.

In the prior year, on 22 September 2022, the Group incorporated a new subsidiary, Indofood Agri Trading Pte. Ltd., and the issued share capital of the subsidiary was S\$50,000 (equivalent to Rp564 million). The subsidiary is 100% owned by the Group.

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, IFAR Brazil Pte. Ltd. Based on the assessment, the recoverable amounts were in excess of the carrying value of the investments in subsidiary companies and hence no impairment loss was recognised as at 31 December 2023.

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

12.2 Investment in associate companies

	Group	
	31/12/2023	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	(680,497)	(566,316)
Foreign currency translation	96,696	99,730
Gain from deemed disposal	12,921	12,921
Carrying value of investment	<u>1,369,856</u>	<u>1,487,071</u>

The Group's associate companies remained the same as those in FY2022 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").

For the year ended 31 December 2023, the Group's share of losses in FPNRL exceeds the Group's interest in its associate due to the impairment of assets relating to its underlying investment in Roxas Holdings Inc ("Roxas"). The Group discontinues recognizing its' share of further losses beyond the carrying amount and the Group's cumulative share of unrecognised losses at the end of the reporting period was Rp100.9 billion (FY2022: Nil). The Group has not incurred obligations or made payments on behalf of the associate.

Management has performed impairment review on the remaining associate companies, and there were no indicators of impairment.

12.3 Investment in joint ventures

	Group	
	31/12/2023	31/12/2022
	Rp ' million	Rp ' million
Cost of investment (including acquisition related costs)	1,102,748	1,102,748
Cumulative share of results	536,841	404,025
Cumulative share of other comprehensive income	67,529	(39,078)
Loss on deemed disposal	(87,049)	(87,049)
Foreign currency translation	(197,329)	(247,995)
Dividend payment	(250,193)	(186,481)
Carrying value of investment	<u>1,172,547</u>	<u>946,170</u>

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

Management has performed an impairment assessment to assess the recoverable amounts of the investment in joint ventures. Based on the assessment, the recoverable amounts were in excess of the carrying value of the investments in joint ventures and hence no impairment loss was recognised as at 31 December 2023.

13. Financial assets and financial liabilities

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

	Group		Company	
	31/12/2023 Rp ' million	31/12/2022 Rp ' million	31/12/2023 Rp ' million	31/12/2022 Rp ' million
Financial Assets				
Cash and bank	5,225,530	4,422,371	55,800	94,621
Trade and other receivables	855,340	1,320,486	325,568	778,311
Other non-current assets	30,191	25,037	–	–
Plasma receivables	914,295	946,392	–	–
Financial Liabilities				
Trade and other payables	2,078,820	2,418,587	15,122	121,781
Amounts due to related parties and other payables	630,713	603,594	–	–
Interest-bearing loans and borrowings	14 7,796,052	9,144,329	–	612,566

Receivables that are impaired

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

	Group	
	31/12/2023 Rp ' million	31/12/2022 Rp ' million
As at 1 January	175	148
(Write-back)/allowance for the year	(122)	27
As at 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	
	31/12/2023 Rp ' million	31/12/2022 Rp ' million
As at 1 January	1,358,003	988,672
Allowance for the year	52,757	427,176
Adjustments of EIR amortisation	63,499	(57,792)
Write-off	(69)	(53)
As at 31 December	1,474,190	1,358,003

14. Borrowings and debt securities

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
Current				
Interest bearing debt payable in one year or less, or on demand				
Secured *	2,210,245	2,301,239	–	–
Unsecured	4,733,000	4,611,032	–	218,032
Sub-total	6,943,245	6,912,271	–	218,032
Non-current				
Interest bearing debt repayable after one year				
Secured *	572,807	1,387,525	–	–
Unsecured	280,000	844,533	–	394,534
Sub-total	852,807	2,232,058	–	394,534
Total borrowings and debt securities	7,796,052	9,144,329	–	612,566

Details of the collaterals

* The 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 the reporting year. During the year, the Company's borrowings were fully repaid.

15. Share capital

The Company did not issue any shares during the year. As of 31 December 2023 and 2022, 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 31 December 2023 and 2022.

	Company			
	31/12/2023		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 of 31 December 2023 and 2022.

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

16. Dividends

The Company declared and paid a final tax exempt (one-tier) dividend of Rp123.6 billion or 0.8 Singapore cents per share (2022: Rp117.8 billion or 0.8 Singapore cents).

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 ⁽¹⁾ Rp ' million	Other related parties ⁽²⁾ Rp ' million
Sales of goods	FY2023	5	4,677,458	1,832,090
	FY2022	7	5,397,208	2,275,767
Purchases of packaging materials	FY2023	–	129,982	–
	FY2022	–	89,923	–
Purchases of services, transportation equipment and spare parts	FY2023	–	3,210	105,147
	FY2022	–	3,255	87,408
Royalty fee expenses	FY2023	7,086	–	–
	FY2022	6,975	–	–
Pump service expenses	FY2023	–	–	9,782
	FY2022	–	–	8,391
Rental expenses	FY2023	–	41,655	7,566
	FY2022	–	41,220	7,744
Insurance expenses	FY2023	–	–	19,371
	FY2022	–	–	19,927
Other operating income	FY2023	–	5,833	–
	FY2022	–	35,897	–
Financial income	FY2023	–	–	50,968
	FY2022	–	–	31,881
Financial expenses	FY2023	–	–	35,155
	FY2022	–	–	30,442

⁽¹⁾ Transactions with entities under common control.

⁽²⁾ Transactions with members of Salim Group and its associates.

18. Fair value measurement

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

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

18. Fair value measurement (cont'd)

The following table provides the fair value hierarchy of the Group's assets and liabilities in accordance with the level of inputs to valuation techniques used to measure fair value:

	Quoted prices in active markets for identical assets (Level 1) Rp ' million	Significant other observable inputs (Level 2) Rp ' million	Significant unobservable inputs (Level 3) Rp ' million
As at 31 December 2023			
<i>Recurring fair value measurements</i>			
Biological assets - timber plantations	–	–	322,454
Biological assets - agricultural produce	–	268,554	495,862
As at 31 December 2022			
<i>Recurring fair value measurements</i>			
Biological assets - timber plantations	–	–	322,743
Biological assets - agricultural produce	–	282,339	487,295

19. 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/year.

19. Segment and revenue information (cont'd)

19.1 Business segments

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

2H2023	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	3,008,149	5,386,169	–	8,394,318
Inter-segment sales	3,162,186	11,190	(3,173,376)	–
Total sales	<u>6,170,335</u>	<u>5,397,359</u>	<u>(3,173,376)</u>	<u>8,394,318</u>
Share of results of associate companies	6,323	–	(81,544)	(75,221)
Share of results of joint ventures	–	–	147,554	147,554
Segment results	<u>1,150,516</u>	<u>313,749</u>	<u>92,753</u>	<u>1,557,018</u>
Net finance expense				(194,369)
Foreign exchange gain				40,366
Impairment loss of property, plant and equipment				(183,387)
Impairment of goodwill				<u>(6,104)</u>
Profit before tax				1,285,857
Income tax expense				<u>(442,336)</u>
Net profit for the period				<u><u>843,521</u></u>
<u>Other segment information:</u>				
Capital expenditure	623,954	78,391	–	702,345
Depreciation and amortization	725,523	53,238	1,878	780,639
Gain from changes in fair value of biological assets	(57,475)	–	–	(57,475)
Changes in employee benefits	(300,265)	20,635	–	(279,630)
Impairment loss of property, plant and equipment	183,387		–	183,387
Impairment of goodwill	<u>6,104</u>	–	–	<u>6,104</u>

19. Segment and revenue information (cont'd)

19.1 Business segments (cont'd)

2H2022	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	3,168,934	6,555,277	–	9,724,211
Inter-segment sales	2,903,651	15,620	(2,919,271)	–
Total sales	6,072,585	6,570,897	(2,919,271)	9,724,211
Share of results of associate companies	2,386	–	(20,059)	(17,673)
Share of results of joint ventures	–	–	88,203	88,203
Segment results	801,375	646,251	198,277	1,645,903
Net finance expense				(246,643)
Foreign exchange gain				59,058
Impairment loss of property, plant and equipment				(131,210)
Impairment of goodwill				(126,803)
Profit before tax				1,270,835
Income tax expense				(495,060)
Net profit for the period				775,775
<u>Other segment information:</u>				
Capital expenditure	803,047	102,565	–	905,612
Depreciation and amortization	664,117	55,526	45,800	765,443
Loss from changes in fair value of biological assets	28,358	–	–	28,358
Changes in employee benefits	(93,792)	19,999	–	(73,793)
Impairment loss of property, plant and equipment	131,210	–	–	131,210
Impairment of goodwill	126,803	–	–	126,803

19. Segment and revenue information (cont'd)

19.1 Business segments (cont'd)

FY2023	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	4,701,701	11,301,116	–	16,002,817
Inter-segment sales	6,147,134	13,381	(6,160,515)	–
Total sales	10,848,835	11,314,497	(6,160,515)	16,002,817
Share of results of associate companies	2,843	–	(117,767)	(114,924)
Share of results of joint ventures	–	–	132,816	132,816
Segment results	1,372,295	647,295	101,516	2,121,106
Net finance expense				(420,967)
Foreign exchange loss				(1,663)
Impairment loss of property, plant and equipment				(183,387)
Impairment of goodwill				(6,104)
Profit before tax				1,526,877
Income tax expense				(590,657)
Net profit for the year				936,220
<u>As at 31 December 2023</u>				
Assets and liabilities				
Segment assets	28,616,381	6,406,700	(1,532,041)	33,491,040
Goodwill	3,078,520	–	–	3,078,520
Prepaid taxes				202,960
Deferred tax assets				278,904
Claims for tax refund				66,291
Total assets				37,117,715
Segment liabilities	5,209,164	1,445,622	(3,090,272)	3,564,514
Unallocated liabilities				8,692,665
Deferred tax liabilities				753,753
Income tax payable				190,680
Total liabilities				13,201,612
<u>Other segment information:</u>				
Capital expenditure	1,238,268	86,005	–	1,324,273
Depreciation and amortisation	1,406,829	107,325	3,719	1,517,873
Gain from changes in fair value of biological assets	(12,873)	–	–	(12,873)
Changes in employee benefits	(210,679)	40,937	–	(169,742)
Impairment loss of property, plant and equipment	183,387	–	–	183,387
Impairment of goodwill	6,104	–	–	6,104

19. Segment and revenue information (cont'd)

19.1 Business segments (cont'd)

FY2022	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations ^a Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	5,134,636	12,662,429	–	17,797,065
Inter-segment sales	6,592,674	16,771	(6,609,445)	–
Total sales	11,727,310	12,679,200	(6,609,445)	17,797,065
Share of results of associate companies	2,935	–	(44,216)	(41,281)
Share of results of joint ventures	–	–	51,930	51,930
Segment results	2,092,499	842,227	(25,488)	2,909,238
Net finance costs				(484,366)
Foreign exchange gain				66,615
Impairment loss of property, plant and equipment				(157,425)
Impairment of goodwill				(126,803)
Profit before tax				2,217,908
Income tax expense				(900,151)
Net profit for the year				1,317,757
<u>As at 31 December 2022</u>				
Assets and liabilities				
Segment assets	29,292,567	6,191,679	(860,379)	34,623,867
Goodwill	3,084,624	–	–	3,084,624
Prepaid taxes				240,588
Deferred tax assets				276,080
Claims for tax refund				40,847
Total assets				38,266,006
Segment liabilities	4,639,158	1,783,200	(2,069,126)	4,353,232
Unallocated liabilities				9,871,378
Deferred tax liabilities				705,515
Income tax payable				184,189
Total liabilities				15,114,314
<u>Other segment information:</u>				
Capital expenditure	1,371,612	127,139	–	1,498,751
Depreciation and amortisation	1,282,634	110,560	80,552	1,473,746
Loss from changes in fair value of biological assets	136,112	–	–	136,112
Changes in employee benefits	13,498	41,598	–	55,096
Impairment loss of property, plant and equipment	157,425	–	–	157,425
Impairment of goodwill	126,803	–	–	126,803

20. 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 Indofood Agri Resources Ltd. and its subsidiaries as at 31 December 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 FY2023 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 2022, driven by the disruption of Ukraine's sunflower oil supply due to Russia's invasion and the Indonesian government's ban on palm oil exports. However, commodity prices started to ease from July 2022 following the lifting of the export ban, along with the increased availability of competing vegetable oils. After the extreme volatilities experienced in 2022, the prices of vegetable oils (including palm oil) showed signs of stabilisation, with fluctuations moving within a much narrower range in 2023. CPO prices (CIF Rotterdam) declined by 29% to an average of US\$972 per tonne in 2023 from US\$1,370 per tonne in 2022.

The Group delivered an improved set of 2H2023 results with net profit after tax increasing 9% over the same period last year. This was mainly due to improved profit contribution from the Plantation Division on stable CPO prices and higher sales volume of CPO, lower other operating expenses and net changes in fair value of biological assets.

The Group's profitability for FY2023 remained lower than previous year mainly due to lower selling prices of palm products (i.e. crude palm oil (CPO) down 11% and palm kernel (PK) down 37%) and EOF products, which more than offset the increase in sales volume of palm products. Net profit after tax contracted by 29% to Rp936 billion mainly due to lower gross profit. This was partly offset by lower other operating expenses, net changes in fair value of biological assets and lower income tax expenses.

Segment Overview: The Plantation Division's FFB nucleus production recovered in 2H2023 with a 2% increase over the same period last year, but full year production remained flattish over previous year. This, coupled with lower purchases of FFB from external parties, led to a 4% decline in CPO production for FY2023. This Division's revenue increased 2% in 2H2023 mainly due to stable CPO prices and higher sales volume of CPO, whilst operating profit improved 44% to Rp1,151 billion on higher revenue, lower other operating expenses and net changes in fair value of biological assets. Full year plantation revenue declined by 7% mainly due to lower palm selling prices, but partly offset by higher sales volume of palm products from the realisation of last year's CPO stock. This Division reported lower full-year operating profit of Rp1,372 billion, a 34% decline over previous year.

The EOF Division's refinery operations demonstrated resilience in 2023 despite cooking oil policy changes. This was driven by competitive pricing strategies that allowed for regular reviews and adjustments to maintain a certain level of profitability. Revenue declined 18% in 2H2023 mainly due to lower sales volume and selling prices, whereas the 11% revenue decline in FY2023 was mainly due to lower selling prices. This division remained profitable with operating profit of Rp314 billion and Rp647 billion in 2H2023 and FY2023, albeit at a lower level than the same periods last year.

Revenue: The Group's consolidated revenue (after elimination of inter-segment sales) in 2H2023 and FY2023 decreased 14% and 10% over the same periods last year. Both Plantation and EOF Divisions recorded lower external revenue due to lower selling prices.

Cost of sales: Lower cost of sales in 2H2023 and FY2023 was mainly due to lower CPO input costs by the EOF Division in line with lower CPO prices.

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

Gross profit: The Group's gross profit declined by 15% in 2H2023 and 28% in FY2023 mainly due to lower average selling prices of palm and EOF products. This was partly offset by higher sales volume of palm products.

Selling and Distribution Expenses (S&D): S&D expenses declined 12% in 2H2023 mainly due to lower export levy/duty arising from lower export sales volume of EOF products. S&D for FY2023 came in close to last year.

Foreign Exchange Gain/(Loss): The Group recognised a foreign currency loss of Rp2 billion in FY2023 mainly due to the translation of US dollar-denominated assets (i.e. cash) as of 31 December 2023. The foreign currency loss was mainly due to the strengthening of the Indonesia Rupiah against the US Dollar to Rp15,416/US\$ as of 31 December 2023 versus Rp15,731/US\$ last year-end.

Other Operating Expenses: The significant decrease in other operating expenses in 2H2023 and FY2023 was mainly due to lower provision for plasma receivables and lower impairment of goodwill (refer to Note 5).

Share of Results of Associate Companies: The Group reported higher share of losses from its associate companies in 2H2023 and FY2023 mainly due to FPNRL which recognised an impairment loss for its underlying investment of sugar operation in the Philippines.

Share of Results of Joint Ventures (JVs): The Group recognised higher share of JV profit in 2H2023 and FY2023 mainly due to higher raw sugar sales volume and prices, partly offset by reduced ethanol sales volume and prices and higher income tax expenses.

Gain/(Loss) arising from Changes in Fair Values of Biological Assets: In FY2023, the Group reported a gain from changes in fair value of biological assets of Rp13 billion due to higher sugar cane prices and partly offset by lower FFB prices. The loss of Rp136 billion in FY2022 was mainly due to lower FFB prices and higher production costs compared to the year before.

Impairment of Goodwill: In FY2023, management performed an impairment assessment and recorded an impairment loss of Rp6 billion for a CGU (i.e. PT MLI) as the recoverable amount was lower than the carrying value. The impairment loss of Rp127 billion in FY2022 was related to five CGUs (i.e. PT SBN, PT CNIS, PT SAIN, PT RAP and PT JS).

Profit from Operations: In 2H2023, the Group's profit from operations decreased 3% to Rp1,480 billion on lower gross profit, but partly offset by lower other operating expenses as explained above. For the full year, profit from operations decreased by 28% to Rp1,948 billion for similar reasons.

Finance income: Higher finance income in 2H2023 and FY2023 was mainly due to higher fixed deposits at higher deposit rates.

Net Profit After Tax (NPAT): Despite lower profit from operations in 2H2023, the Group reported a 9% increase in NPAT to Rp844 billion mainly due to higher finance income and lower income tax expenses. FY2023 NPAT declined by 29% to Rp936 billion mainly due to a 28% decline in operating profit. This was partly offset by higher finance income and lower income tax expenses.

Attributable Profit to the Owners of the Company: The Group's FY2023 attributable profit to owners of the Company was Rp614 billion, declining 20% over previous year.

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

Review of Financial Position

As of 31 December 2023, the Group's total non-current assets stood at Rp27.2 trillion, compared to Rp27.7 trillion in the previous year. The decrease was mainly due to the depreciation of property, plant and equipment, lower right-of-use assets and carrying value of investment in associate companies. However, this was partly offset by higher carrying value of investment in joint ventures.

The Group recorded total current assets of Rp9.9 trillion as of 31 December 2023, compared to Rp10.6 trillion in the previous year. The decrease was mainly due to lower CPO inventories, reduced trade receivables in line with lower EOF sales and lower advances for the purchase of raw materials. However, this was partly offset by higher cash levels.

The Group's total liabilities decreased by 13% to Rp13.2 trillion mainly due to higher loan repayment in 2023, lower employee benefits liabilities which were determined based on actuarial calculations in accordance with the Indonesian Labour Law, and lower trade and other payables and accruals. The decrease was partly offset by higher deferred tax liabilities.

As of 31 December 2023, the Group recorded net current assets of Rp0.4 trillion compared to Rp0.7 trillion at the last year-end. The Group's financial position continued to strengthen with higher cash and lower interest-bearing loans and borrowings. The Group's net debt-to-equity ratio improved, decreasing from 0.20 times as of 31 December 2022 to 0.11 times as of 31 December 2023.

Review of Cash Flows

Despite lower cash flows from operating activities, the Group generated higher operating cash flows of Rp3.8 trillion in 2023 compared to Rp3.6 trillion in the previous year. This was mainly due to improved working capital and lower income tax paid.

Net cash flows used in investing activities were lower than last year's level at Rp1.3 trillion mainly due to lower additions of property, plant and equipment, along with lower investment in JV and associated companies. This was partly offset by higher investment in biological assets and plasma projects.

In terms of financing activities, the Group recorded net cash usage of Rp1.7 trillion in 2023 compared to Rp1.6 trillion in last year. This was mainly due to the net repayment of loans and dividend payments during the year.

As of 31 December 2023, the Group's cash levels increased to Rp5.2 trillion from Rp4.4 trillion as of 31 December 2022. This was 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

Commodity prices are expected to remain highly volatile amid uncertainties from weather conditions and geopolitical conflicts. Demand growth is likely to remain subdued due to weaker economic growth and challenging macroeconomic factors, such as high inflation and interest rates.

The Plantation Division will maintain its emphasis on crop management activities to raise FFB yields, as well as focus on cost control improvements, pursuing innovations that elevate plantation productivity, and prioritising capital investments in critical areas.

In the year ahead, we will continue to focus on the growth and recovery of EOF sales volumes through competitive pricing strategies. We are confident that the EOF market in Indonesia will expand, in line with the increasing population and per capita income growth trends.

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?

Any dividend recommended for the current financial year reported on? Yes.

The Directors have recommended to the Company to pay a first and final dividend in respect of the financial year ended 31 December 2023. The details of the dividend will be announced at a later date.

The payment of the dividend will be subject to the approval by shareholders at the forthcoming AGM to be convened at end April 2024.

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

Type of dividend: First and final dividend

Dividend type: Cash

Dividend per share: 0.8 Singapore cent

Tax rate: Tax-exempt (one-tier)

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

Not applicable.

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 the interest person transactions ("IPT") for FY2023:

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>4,684</p> <p>182</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>1,832</p> <p>621</p> <p>1,749</p> <p>1,586</p>

Save as disclosed above, there were no additional IPT (excluding transactions of less than S\$100,000 each) entered into during the financial year under review pursuant to Rule 907 of the Listing Manual of the SGX-ST.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers under Rule 720(1)

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

8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that no persons occupying managerial positions in the Company or any of its principal subsidiaries who are a relative of a director or Chief Executive Officer or substantial shareholder of the Company.

BY THE ORDER OF THE BOARD

Mark Julian Wakeford
Chief Executive Officer and Executive Director
29th February 2024