

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 & RELATED ANNOUNCEMENT

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Condensed Interim Consolidated Statement of Comprehensive Income

| | Note | 1H2022 Rp 'million | 1H2021 Rp 'million | Change % |
|--|------|-----------------------|-----------------------|--------------|
| Revenue | 4 | 8,072,854 | 8,957,587 | (9.9) |
| Cost of sales | | (5,909,934) | (6,934,579) | (14.8) |
| Gross profit | | 2,162,920 | 2,023,008 | 6.9 |
| Gross profit % | | 26.8% | 22.6% | |
| Selling and distribution expenses | | (206,110) | (480,091) | (57.1) |
| General and administrative expenses | | (417,154) | (378,261) | 10.3 |
| Foreign exchange gain | | 7,557 | 1,447 | 422.3 |
| Other operating income | | 72,858 | 33,451 | 117.8 |
| Other operating expenses | | (267,640) | (116,929) | 128.9 |
| Share of results of associate companies | | (23,608) | (32,930) | (28.3) |
| Share of results of joint ventures | | (36,273) | 28,915 | n/m |
| Loss arising from changes in fair value of biological assets | | (107,754) | (33,933) | 217.5 |
| Profit from operations | | 1,184,796 | 1,044,677 | 13.4 |
| Financial income | | 42,041 | 32,375 | 29.9 |
| Financial expenses | | (279,764) | (324,120) | (13.7) |
| Profit before tax | 5 | 947,073 | 752,932 | 25.8 |
| Income tax expenses | 6 | (405,091) | (437,797) | (7.5) |
| Net profit for the period | | 541,982 | 315,135 | 72.0 |
| Core profit after tax ⁽¹⁾ | | 816,114 | 474,691 | 71.9 |
| Profit for the period attributable to: | | | | |
| Owners of the Company | | 251,972 | 152,696 | 65.0 |
| Non-controlling interests | | 290,010 | 162,439 | 78.5 |
| | | 541,982 | 315,135 | 72.0 |
| Other comprehensive income ("OCI"): | | | | |
| Items that may be reclassified to profit or loss in subsequent periods | | | | |
| Foreign currency translation | | 61,843 | 32,941 | 87.7 |
| Items that will not be reclassified to profit or loss in subsequent periods | | | | |
| Change in fair value of an available-for-sale financial asset | | – | (314) | n/m |
| Re-measurement gain of employee benefits liabilities | | (626) | 8,107 | n/m |
| Share of OCI of an associate company and joint ventures | | 229,939 | (176,036) | n/m |
| Other comprehensive income, net of tax | | 291,156 | (135,302) | n/m |
| Total comprehensive income | | 833,138 | 179,833 | 363.3 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | | 542,940 | 11,541 | >+500 |
| Non-controlling interests | | 290,198 | 168,292 | 72.4 |
| | | 833,138 | 179,833 | 363.3 |
| Earnings per share (in Rupiah) | | | | |
| | 7 | | | |
| Basic (Rp) | | 181 | 109 | 65.0 |
| Diluted (Rp) | | 181 | 109 | 65.0 |

Notes

n/m denotes "Not Meaningful"

- (1) Net profit before accounting for the effects of foreign exchange, fair value loss on biological assets, expected credit losses for plasma receivables, impairment of property, plant and equipment, adjustment of deferred tax due to changes in tax rate and rationalisation costs.

Condensed Interim Statements of Financial Position

| | Note | Group | | Company | |
|---|-------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| Non-current assets | | | | | |
| Biological assets | 3 | 331,876 | 328,344 | – | – |
| Property, plant and equipment | 9 | 18,245,767 | 18,527,203 | 23,663 | 25,493 |
| Right-of-use assets | 9 | 1,906,525 | 1,959,874 | – | – |
| Goodwill | 3, 10 | 3,211,427 | 3,211,427 | – | – |
| Claims for tax refund | | 60,412 | 67,164 | – | – |
| Deferred tax assets | 11 | 429,971 | 398,509 | – | – |
| Investment in subsidiary companies | 12.1 | – | – | 10,706,846 | 10,706,846 |
| Investment in associate companies | 12.2 | 1,488,889 | 1,468,094 | 439,254 | 439,254 |
| Investment in joint ventures | 12.3 | 585,257 | 375,363 | – | – |
| Amount due from a subsidiary | | – | – | 759,000 | 860,000 |
| Advances and prepayments | | 424,638 | 421,767 | – | – |
| Other non-current receivables | | 1,168,710 | 1,343,955 | 13 | 10 |
| Total non-current assets | | 27,853,472 | 28,101,700 | 11,928,776 | 12,031,603 |
| Current assets | | | | | |
| Inventories | | 3,447,022 | 2,655,342 | – | – |
| Trade and other receivables | | 1,245,913 | 1,563,752 | 42,633 | 43,074 |
| Advances and prepayments | | 793,961 | 460,274 | 491 | 151 |
| Prepaid taxes | | 194,621 | 191,507 | – | – |
| Biological assets | 3 | 793,701 | 873,393 | – | – |
| Assets held for sale | | 41,795 | 41,795 | – | – |
| Cash and cash equivalents | | 4,193,957 | 3,763,644 | 25,599 | 36,394 |
| Total current assets | | 10,710,970 | 9,549,707 | 68,723 | 79,619 |
| Total assets | | 38,564,442 | 37,651,407 | 11,997,499 | 12,111,222 |
| Current liabilities | | | | | |
| Trade and other payables and accruals | | 2,447,739 | 1,956,862 | 112,494 | 108,169 |
| Advances and other payables | | 359,043 | 424,972 | – | – |
| Lease liabilities | 9 | 22,358 | 32,052 | – | – |
| Interest-bearing loans and borrowings | 14 | 6,699,464 | 7,246,412 | 185,749 | 641,392 |
| Income tax payable | | 248,987 | 310,103 | – | 2 |
| Total current liabilities | | 9,777,591 | 9,970,401 | 298,243 | 749,563 |
| Net current assets/(liabilities) | | 933,379 | (420,694) | (229,520) | (669,944) |

Condensed Interim Statements of Financial Position (cont'd)

| | Note | Group | | Company | |
|---|------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| Non-current liabilities | | | | | |
| Interest-bearing loans and borrowings | 14 | 3,482,931 | 3,087,699 | 478,625 | – |
| Amounts due to related parties and other payables | | 600,613 | 618,913 | – | – |
| Provisions | | 37,608 | 39,037 | – | – |
| Lease liabilities | 9 | 11,857 | 11,200 | – | – |
| Employee benefits liabilities | 3 | 1,950,455 | 1,892,515 | – | – |
| Deferred tax liabilities | 11 | 618,050 | 661,628 | 27,499 | 25,207 |
| Total non-current liabilities | | 6,701,514 | 6,310,992 | 506,124 | 25,207 |
| Total liabilities | | 16,479,105 | 16,281,393 | 804,367 | 774,770 |
| Net assets | | 22,085,337 | 21,370,014 | 11,193,132 | 11,336,452 |
| 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 | | 8,657,167 | 8,523,010 | 526,735 | 670,055 |
| Other reserves | | 136,161 | (154,807) | 144,152 | 144,152 |
| | | 11,987,441 | 11,562,316 | 11,193,132 | 11,336,452 |
| Non-controlling interests | | 10,097,896 | 9,807,698 | – | – |
| Total equity | | 22,085,337 | 21,370,014 | 11,193,132 | 11,336,452 |

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 2022 | 3,584,279 | (390,166) | 8,523,010 | (154,807) | 11,562,316 | 9,807,698 | 21,370,014 |
| Net profit for the period | – | – | 251,972 | – | 251,972 | 290,010 | 541,982 |
| Other comprehensive income | – | – | – | 290,968 | 290,968 | 188 | 291,156 |
| Total comprehensive Income for the period | – | – | 251,972 | 290,968 | 542,940 | 290,198 | 833,138 |
| <u>Contributions by and distribution to owners:</u> | | | | | | | |
| Dividend payment to Company's shareholders | – | – | (117,815) | – | (117,815) | – | (117,815) |
| Total transactions with owners in their capacity as owners | – | – | (117,815) | – | (117,815) | – | (117,815) |
| Balance at 30 June 2022 | 3,584,279 | (390,166) | 8,657,167 | 136,161 | 11,987,441 | 10,097,896 | 22,085,337 |

| | 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 2021 | 3,584,279 | (390,166) | 7,768,281 | 349,960 | 11,312,354 | 9,134,574 | 20,446,928 |
| Net profit for the period | – | – | 152,696 | – | 152,696 | 162,439 | 315,135 |
| Other comprehensive income | – | – | – | (141,155) | (141,155) | 5,853 | (135,302) |
| Total comprehensive Income for the period | – | – | 152,696 | (141,155) | 11,541 | 168,292 | 179,833 |
| Increase of share capital in a subsidiary | – | – | – | (183,481) | (183,481) | 183,481 | – |
| Balance at 30 June 2021 | 3,584,279 | (390,166) | 7,920,977 | 25,324 | 11,140,414 | 9,486,347 | 20,626,761 |

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 2022 | 10,912,411 | (390,166) | 670,055 | 144,152 | 11,336,452 |
| Net loss for the period | – | – | (25,505) | – | (25,505) |
| <u>Contributions by and distribution to owners:</u> | | | | | |
| Dividend payment to Company's shareholders | – | – | (117,815) | – | (117,815) |
| Total transactions with owners in their capacity as owners | – | – | (117,815) | – | (117,815) |
| Balance at 30 June 2022 | 10,912,411 | (390,166) | 526,735 | 144,152 | 11,193,132 |

| | 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 2021 | 10,912,411 | (390,166) | 635,865 | 144,152 | 11,302,262 |
| Net loss for the period | – | – | (15,946) | – | (15,946) |
| Balance at 30 June 2021 | 10,912,411 | (390,166) | 619,919 | 144,152 | 11,286,316 |

Condensed Interim Consolidated Statement of Cash Flows

| | Note | 1H2022 Rp 'million | 1H2021 Rp 'million |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | | 947,073 | 752,932 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 708,303 | 720,315 |
| Realisation of deferred costs | | 89,029 | 79,380 |
| Unrealised foreign exchange (gain)/loss | | (14,807) | 873 |
| Allowance/(write-back) for doubtful debt | | 19 | (2) |
| Loss arising from changes in fair value of biological assets | | 107,754 | 33,933 |
| Gain on disposal of property, plant and equipment | | (3,037) | (1,512) |
| Write-off of property, plant and equipment | | 13,738 | 2,498 |
| Impairment of property, plant and equipment | | 26,215 | – |
| Changes in allowance for decline in market value and obsolescence of inventories | | 293,093 | 5,907 |
| Changes in provision for asset dismantling costs | | (1,429) | 101 |
| Change in estimated liability for employee benefits | | 128,888 | 5,544 |
| Allowance for uncollectible and loss arising from changes in amortised cost | | 190,912 | 87,291 |
| Loss/(gain) arising from changes in amortised cost of long-term receivables | | 101 | (43) |
| Share of results of associate companies | | 23,608 | 32,930 |
| Share of results of joint ventures | | 36,273 | (28,915) |
| Financial income | | (42,041) | (32,375) |
| Financial expenses | | 279,764 | 324,120 |
| Operating cash flows before changes in working capital | | 2,783,456 | 1,982,977 |
| Changes in working capital: | | | |
| Decrease in other non-current receivables | | 74,878 | 20,092 |
| Increase in inventories | | (1,084,773) | (240,195) |
| Decrease/(increase) in trade and other receivables | | 315,374 | (143,147) |
| (Increase)/decrease in advances to suppliers | | (333,688) | 1,802 |
| (Decrease)/increase in prepaid taxes, advances and other payables | | (107,360) | 34,323 |
| Increase in trade and other payables and accruals | | 426,133 | 433,970 |
| Cash flows from operations | | 2,074,020 | 2,089,822 |
| Interest received | | 41,951 | 31,447 |
| Interest paid | | (264,918) | (323,087) |
| Income tax paid | | (540,426) | (352,437) |
| Net cash flows from operating activities | | 1,310,627 | 1,445,745 |

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

| | Note | 1H2022 Rp 'million | 1H2021 Rp 'million |
|--|------|-----------------------|-----------------------|
| Cash flows from investing activities | | | |
| Additions to property, plant and equipment | 9 | (448,013) | (417,950) |
| Additions to leases | 9 | – | (1,769) |
| Additions to biological assets | | (124,719) | (72,939) |
| Increase in plasma receivables | | (11,216) | (62,273) |
| Proceeds from disposal of property, plant and equipment | 9 | 4,792 | 3,532 |
| Advances for projects and purchases of fixed assets | | (10,013) | (47,844) |
| Dividend received from a joint venture | | 127,704 | – |
| Additional investment in associate companies | | (43,196) | – |
| Additional investment in a joint venture | | (83,447) | – |
| Net cash flows used in investing activities | | (588,108) | (599,243) |
| Cash flows from financing activities | | | |
| Proceeds from interest-bearing loans and borrowings | | 2,027,714 | 826,800 |
| Repayment of interest-bearing loans and borrowings | | (2,205,769) | (1,061,641) |
| Payment of principal portion of lease liability | 9 | (32,726) | (22,252) |
| Dividend payment to Company's shareholders | | (117,815) | – |
| Net cash flows used in financing activities | | (328,596) | (257,093) |
| Net increase in cash and cash equivalents | | 393,923 | 589,409 |
| Effect of changes in exchange rates on cash and cash equivalents | | 36,390 | 19,330 |
| Cash and cash equivalents at the beginning of the period | | 3,763,644 | 2,446,494 |
| Cash and cash equivalents at the end of the period | | 4,193,957 | 3,055,233 |

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Indofood Agri Resources Ltd. (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

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

These activities are carried out through the Company's subsidiaries, associates and joint ventures. The principal activity of the Company is that of an investment holding company.

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

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 ("1H2022") have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021 ("FY2021").

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as the FY2021 financial statements, except for the adoption of new and amended standards as set out in Note 2.1 below.

The condensed interim financial statements are presented in Indonesia Rupiah ("Rp") which is the Company's functional currency and all values are rounded to the nearest million ("Rp 'million") except when otherwise indicated.

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of the Company amounting to Rp229.5 billion (31 December 2021: Rp669.9 billion) respectively. The Directors are of the view that the Company has the ability to refinance the maturing debts to meet its financial obligations.

2.1 New and amended standards adopted by the Group

The Group has adopted all the amendments to SFRS(I)s that are effective for annual financial periods beginning on or after 1 January 2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. In addition, the adoption of these amendments did not have any material effect on the financial performance or position of the Group and the Company.

3. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the FY2021 consolidated financial statements.

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

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

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

The Group uses the same provision matrix that were applied in its FY2021 financial statements to calculate ECL for trade receivables.

The carrying amount of trade receivables as at 30 June 2022 is Rp1,145.3 billion (31 December 2021: Rp1,463.0 billion).

- Allowance for ECL of plasma receivables

The Group uses the same methodology and basis that were applied in its FY2021 financial statements to calculate ECL of plasma receivables.

The gross carrying amount of the Group's plasma receivables before the allowance for ECL and the adjustments of effective interest rate ("EIR") amortisation as at 30 June 2022 is Rp2,328.5 billion (31 December 2021: Rp2,317.7 billion).

An impairment analysis is performed at each reporting date to measure ECL. The Group's allowance for uncollectible and adjustments of EIR amortisation of plasma receivables as at 30 June 2022 is disclosed in Note 13.

- Lease term of contracts with renewal and terminal options - the Group as lessee

The Group has lease contracts for various assets of land, buildings and office equipment used in its operations. The Group is restricted from assigning and subleasing the leased assets. The Group has several lease contracts that include extension and termination options. The Group applied the same basis as in its FY2021 financial statements in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease.

As at 30 June 2022, the balance of the lease contracts is presented as "Right-of-use assets" in the statements of financial position.

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

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

- Goodwill impairment

In the case of goodwill, such assets are subject to an annual impairment test whenever there is an indication that such assets may be impaired. Management has to use its judgement in estimating the recoverable amount. The recoverable amounts of the CGU were determined using discounted cash flow model based on cash flow projections covering a period of 10 years for plantation estates in the early development stage and 5 years for established plantations. Under the income approach, the expected future cash flows are discounted to the present value by using a discount rate. The estimation of future cash flows requires the use of a number of other significant operational and predictive assumptions, such as fresh fruit bunch ("FFB") yield rate, extraction rate, projected selling price, inflation rate, exchange rate and also factors in the terminal value after the implicit period of five years.

No impairment indicators were identified as at 30 June 2022 based on the CGU's business performance. The Group performed its annual impairment test in October 2021. The key assumptions used to determine the recoverable amount for the CGU were disclosed in annual consolidated financial statements for the year ended 31 December 2021.

- Pension and employee benefits

The determination of the Group's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions remained the same as last year end, include among others, discount rates, future annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income as and when they occur.

As at 30 June 2022, the balance of the related actuarial liability for employee benefits is presented as "Employee benefits liabilities" in the statements of financial position.

- Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 30 years, which remained to be the same as in its FY2021 financial statements. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

- Biological assets

Biological assets primarily comprise of timber plantations (which are presented as part of Non-current assets), and the unharvested agricultural produce of bearer plants which comprise FFB, oil palm seeds, latex and sugar cane (which are presented as part of Current assets). The Group recognises its timber plantations and agricultural produce of bearer plants at fair value less costs to sell, which requires the use of accounting estimates and assumptions.

The Group adopts consistent income approach as in its FY2021 financial statements to measure the timber plantations and fair value of unharvested produce of bearer plants. The significant assumptions applied to determine the fair value of biological assets included the projected selling prices, production yields, discount rate, inflation rate and exchange rates. For the valuation of unharvested fruit bunches of oil palm and latex of rubber, the Group applied the actual harvest data subsequent to reporting period to derive the fair value of unharvested produce of oil palm and rubber

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

- Biological assets (cont'd)

as at 30 June 2022. For the valuation of oil palm seeds, sugar cane and timber, the Group applied discounted cash flow models to derive its fair value.

- Income tax

Significant judgement is involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group adopts consistent methodology as in its FY2021 financial statements in recognition of liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority.

Deferred tax assets are recognised on the same basis as in its FY2021 financial statements for all unused tax losses to the extent that it is probable that there will be sufficient taxable profit within the next 5 years against which the tax losses can be utilised. Significant management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's tax payables and deferred tax assets as at 30 June 2022 are disclosed in the statements of financial position.

- Allowance for decline in market value of inventories and obsolescence of inventories

Allowance for decline in market value of inventories and obsolescence of inventories is estimated on the same basis as in its FY2021 financial statements, which based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Group's inventories is disclosed in the statements of financial position.

- Estimating the Incremental Borrowing Rate of a Lease

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term.

The Group continues to use the same methodology that was applied in its FY2021 financial statements to estimate the incremental borrowing rate using observable inputs (such as market interest rates) when available and make certain entity-specific estimates as necessary.

4. *Disaggregation of revenue*

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

Revenue from a single region is disclosed separately when it exceeds 10% of the Group's revenue. For 1H2022 and 1H2021, other than Indonesia, no other country accounted for 10% or more of the Group's revenue.

4. Disaggregation of revenue (cont'd)

| | Plantations | | Edible Oils and Fats | | Others/eliminations | | Total | |
|-------------------------------------|-------------|-------------|----------------------|-------------|---------------------|-------------|-------------|-------------|
| | 1H2022 | 1H2021 | 1H2022 | 1H2021 | 1H2022 | 1H2021 | 1H2022 | 1H2021 |
| | Rp 'million | Rp 'million | Rp 'million | Rp 'million | Rp 'million | Rp 'million | Rp 'million | Rp 'million |
| Sales channel | | | | | | | | |
| Third party | 1,965,702 | 1,494,822 | 6,107,152 | 7,462,765 | – | – | 8,072,854 | 8,957,587 |
| Inter-segment | 3,689,023 | 3,127,909 | 1,151 | 2,211 | (3,690,174) | (3,130,120) | – | – |
| | 5,654,725 | 4,622,731 | 6,108,303 | 7,464,976 | (3,690,174) | (3,130,120) | 8,072,854 | 8,957,587 |
| Primary geographical markets | | | | | | | | |
| Indonesia | 5,606,001 | 4,551,565 | 5,797,264 | 6,001,451 | (3,690,174) | (3,130,120) | 7,713,091 | 7,422,896 |
| Outside Indonesia | 48,724 | 71,166 | 311,039 | 1,463,525 | – | – | 359,763 | 1,534,691 |
| | 5,654,725 | 4,622,731 | 6,108,303 | 7,464,976 | (3,690,174) | (3,130,120) | 8,072,854 | 8,957,587 |
| Major product lines | | | | | | | | |
| CPO | 4,282,091 | 3,430,553 | – | – | (3,689,023) | (3,127,898) | 593,068 | 302,655 |
| Palm Kernel & related products | 664,086 | 582,628 | – | – | – | – | 664,086 | 582,628 |
| Edible Oils and Fats | – | – | 6,108,303 | 7,464,976 | (1,151) | (2,211) | 6,107,152 | 7,462,765 |
| Others | 708,548 | 609,550 | – | – | – | (11) | 708,548 | 609,539 |
| | 5,654,725 | 4,622,731 | 6,108,303 | 7,464,976 | (3,690,174) | (3,130,120) | 8,072,854 | 8,957,587 |

5. Profit before taxation

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

| | 1H2022 | 1H2021 | Change |
|---|-------------|-------------|--------|
| | Rp 'million | Rp 'million | % |
| Depreciation of property, plant and equipment | 668,218 | 667,213 | 0.2 |
| Amortisation of deferred charges, right of use assets and others | 40,085 | 53,102 | (24.5) |
| Interest on borrowings and leases | 275,042 | 320,064 | (14.1) |
| Allowance for uncollectible and loss arising from changes in amortised cost | 190,912 | 87,291 | 118.7 |
| Write-off of property, plant and equipment | 13,738 | 2,498 | 450.0 |
| Gain on disposal of property, plant and equipment | (3,037) | (1,512) | 100.9 |
| Changes in provision for asset dismantling costs | (1,429) | 101 | 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 | |
|---|------------------------------|------------------------------|
| | 1H2022 Rp 'million | 1H2021 Rp 'million |
| Current income tax expense | 479,548 | 301,944 |
| Deferred income tax expense relating to origination and reversal of temporary differences | (74,457) | 135,853 |
| | 405,091 | 437,797 |

7. Earnings per share

Basic earnings per share amounts are calculated by dividing earnings for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares as at 30 June 2022.

| Earnings per share (Rp) | 1H2022 Rp 'million | Group 1H2021 Rp 'million | Change % |
|--|------------------------------|--|--------------------|
| Based on weighted average number of shares | 181 | 109 | 65.0 |
| Based on a fully diluted basis | 181 | 109 | 65.0 |

8. Net asset value

The net asset value per share for the Group is calculated using the Group's net asset value attributable to equity holders as at end of each period divided by the issued share capital of 1,395,904,530 (excluding 51,878,300 held as treasury shares) as of 30 June 2022 and 31 December 2021.

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/06/2022 | 31/12/2021 | 30/06/2022 | 31/12/2021 |
| Net asset value per share (Rp) | 8,588 | 8,283 | 8,019 | 8,121 |
| Net asset value per share (SGD 'cents) (converted at Rp10,685 /S\$1) | 80.4 | 77.5 | 75.0 | 76.0 |

9. Property, plant and equipment and Leases

In 1H2022, the Group acquired assets amounting to Rp448.0 billion (1H2021: Rp418.0 billion) and proceeds from disposed of assets amounting to Rp4.8 billion (1H2021: Rp3.5 billion).

In 1H2022, the Group does not have addition to leases (1H2021: Rp1.8 billion) and payment of principal portion of lease liabilities amounting to Rp32.7 billion (1H2021: Rp22.3 billion).

The Company does not have addition or disposal of assets and leases in 1H2022 and 1H2021.

10. Goodwill

| | 30/06/2022 | 31/12/2021 |
|-------------------------------------|-------------------|-------------------|
| | Rp 'million | Rp 'million |
| Cost | | |
| Balance as at 1 January and 30 June | 3,211,427 | 3,211,427 |

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

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 June 2022 based on the CGU's business performance. The Group performed its annual impairment test in October 2021. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

11. Deferred tax

Deferred tax relates to the following:

| | 30/06/2022 | 31/12/2021 |
|---|-------------------|-------------------|
| | Rp 'million | Rp 'million |
| Temporary tax differences: | | |
| Property, plant and equipment | (916,690) | (906,980) |
| Biological assets | (159,540) | (179,791) |
| Withholding tax on unremitted foreign interest income | (27,499) | (25,207) |
| Adjustments for uncollectible and loss arising from changes in amortised cost of plasma receivables | 68,352 | 111,553 |
| Allowance for employees benefit expenses | 58,668 | 33,350 |
| Allowance for decline in market value and obsolescence of inventories | 92,159 | 27,847 |
| Provision for unrecoverable advance | 21,825 | 12,915 |
| Employee benefits liabilities | 420,354 | 407,514 |
| Deferred inter-company profits | 60,956 | 29,291 |
| Tax losses carry forward | 134,893 | 189,704 |
| Impairment loss of property, plant and equipment | 66,410 | 60,643 |
| Others | (7,967) | (23,958) |
| Total | <u>(188,079)</u> | <u>(263,119)</u> |
| Classified as: | | |
| Deferred tax assets | 429,971 | 398,509 |
| Deferred tax liabilities | <u>(618,050)</u> | <u>(661,628)</u> |

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

12.1 Investment in subsidiary companies

| | Company | |
|------------------------------|-------------|-------------|
| | 30/06/2022 | 31/12/2021 |
| | Rp 'million | Rp 'million |
| Carrying value of investment | 10,706,846 | 10,706,846 |

The Group held less than 50% effective shareholdings in certain subsidiaries but owned, directly and indirectly, more than half of the voting power in the list subsidiaries. There was no acquisition and disposal of subsidiary during the interim reporting period.

Management has performed an impairment assessment to assess the recoverable amounts of investment in subsidiary companies, comprising PT Salim Ivomas Pratama Tbk ("PT SIMP"), PT Lonsum and IFAR Brazil Pte. Ltd. Based on the assessment, the recoverable amounts were in excess of the carrying value of the investment in subsidiary companies and hence no impairment loss was recognised as at 30 June 2022. The key assumptions used to determine the recoverable amounts for investment in subsidiary companies were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

12.2 Investment in associate companies

| | Group | |
|--|-------------|-------------|
| | 30/06/2022 | 31/12/2021 |
| | Rp 'million | Rp 'million |
| Cost of investment, at cost | 1,921,139 | 1,877,942 |
| Cumulative share of results and other comprehensive income | (537,428) | (509,133) |
| Foreign currency translation | 92,257 | 86,364 |
| Gain from deemed disposal | 12,921 | 12,921 |
| Carrying value of investment | 1,488,889 | 1,468,094 |

The Group's associate companies remained the same as those in FY2021 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").

In June 2022, the Group injected additional capital of Rp4.0 billion in PT PSM and Rp39.2 billion in Daitocacao respectively.

Management has performed impairment review on the associate companies, and there were no indicators of impairment, except for the investment in FPNRL. Management has further assessed the recoverable amount using the underlying investment of FPNRL in Roxas Holdings Inc ("Roxas"), using a discounted cash flow model. The recoverable amount was in excess of the carrying value of the investment in FPNRL and hence no impairment loss was recognised as at 30 June 2022.

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

12.3 Investment in joint ventures

| | Group | |
|--|---------------------------|---------------------------|
| | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| Cost of investment (including acquisition related costs) | 1,102,748 | 1,019,301 |
| Cumulative share of results and other comprehensive income | 58,765 | (139,589) |
| Loss on deemed disposal | (87,049) | (87,049) |
| Foreign currency translation | (302,726) | (358,522) |
| Dividend payment | (186,481) | (58,778) |
| Carrying value of investment | 585,257 | 375,363 |

The list of joint ventures remained unchanged as to those in FY2021 financial statements, comprising Companhia Mineira de Açúcar e Alcool Participações (“CMAA”) and Bússola Empreendimentos e Participações S.A (“Bússola”).

In April 2022, the shareholders injected additional capital of Rp83.4 billion in Bussola.

There were indicators of impairment on investment in CMAA as at 30 June 2022. Management has further assessed the recoverable amount using the underlying investment in CMAA, using a discounted cash flow model. The recoverable amount was in excess of the carrying value of the investment in CMAA and hence no impairment loss was recognised as at 30 June 2022.

13. Financial assets and financial liabilities

Set out below is an overview of financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

| | Note | Group | | Company | |
|---------------------------------------|------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| Financial Assets | | | | | |
| Cash and bank | | 4,193,957 | 3,763,644 | 25,599 | 36,394 |
| Trade and other receivables | | 1,265,251 | 1,578,637 | 801,646 | 903,084 |
| Plasma receivables | | 1,149,372 | 1,329,070 | – | – |
| Financial Liabilities | | | | | |
| Trade and other payables | | 3,048,352 | 2,575,775 | 112,494 | 108,169 |
| Interest-bearing loans and borrowings | 14 | 10,182,395 | 10,334,111 | 664,374 | 641,392 |

Receivables that are impaired

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

| | Group | |
|--|---------------------------|---------------------------|
| | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| As at 1 January | 148 | 150 |
| Allowance/(write-back) for the period/year | 19 | (2) |
| As at 30 June/31 December | 167 | 148 |

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

Receivables that are impaired (cont'd)

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

| | Group | |
|--------------------------------------|----------------------------------|----------------------------------|
| | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| As at 1 January | 988,672 | 640,052 |
| Allowance charge for the period/year | 250,942 | 543,457 |
| Adjustments of EIR amortisation | (60,031) | (190,930) |
| Write-off | (483) | (3,907) |
| As at 30 June/31 December | <u>1,179,100</u> | <u>988,672</u> |

14. Borrowings and debt securities

| | Group | | Company | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million | 30/06/2022 Rp 'million | 31/12/2021 Rp 'million |
| Interest bearing debt payable in one year or less, or on demand | | | | |
| Secured * | 2,450,715 | 2,288,220 | – | – |
| Unsecured | 4,248,749 | 4,958,192 | 185,749 | 641,392 |
| Sub-total | 6,699,464 | 7,246,412 | 185,749 | 641,392 |
| Interest bearing debt repayable after one year | | | | |
| Secured * | 1,904,306 | 2,337,699 | – | – |
| Unsecured | 1,578,625 | 750,000 | 478,625 | – |
| Sub-total | 3,482,931 | 3,087,699 | 478,625 | – |
| Total borrowings and debt securities | 10,182,395 | 10,334,111 | 664,374 | 641,392 |

Details of the collaterals

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

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

15. Share capital

The Company did not issue any shares during the period. As of 30 June 2022 and 31 December 2021, 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 2022 and 31 December 2021.

| | Company | | | |
|---|--------------|-------------|--------------|-------------|
| | 30/06/2022 | | 31/12/2021 | |
| | 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 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

16. Dividends

There is no dividend recommended for the period ended 30 June 2022 (30 June 2021: Nil).

17. **Related party transactions**

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

| Nature of transactions | Period | A shareholder of the Group Rp 'million | Related companies⁽¹⁾ Rp 'million | Other related parties⁽²⁾ Rp 'million |
|--|---------------|---|--|--|
| Sales of goods | 1H2022 | 7 | 3,322,931 | 783,295 |
| | 1H2021 | 16 | 2,703,396 | 1,175,326 |
| Purchases of packaging materials | 1H2022 | – | 34,212 | – |
| | 1H2021 | – | 73,238 | – |
| Purchases of services, transportation equipment and spare parts | 1H2022 | – | 1,668 | 32,481 |
| | 1H2021 | – | 1,623 | 34,872 |
| Royalty fee expenses | 1H2022 | 2,070 | – | – |
| | 1H2021 | 2,226 | – | – |
| Pump service expenses | 1H2022 | – | – | 4,041 |
| | 1H2021 | – | – | 3,413 |
| Rental expenses | 1H2022 | – | 20,610 | 3,884 |
| | 1H2021 | – | 20,610 | 4,205 |
| Insurance expenses | 1H2022 | – | – | 11,946 |
| | 1H2021 | – | – | 12,044 |
| Other operating income | 1H2022 | – | 2,258 | – |
| | 1H2021 | – | 2,249 | – |
| Financial income | 1H2022 | – | – | 16,376 |
| | 1H2021 | – | – | 4,651 |
| Financial expenses | 1H2022 | – | – | 14,605 |
| | 1H2021 | – | – | 14,484 |

⁽¹⁾ Transactions with entities under common control.

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

18. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The methodology and procedures for determining the asset's recoverable amount and impairment calculations have not changed since last year end.

During the period, 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 Rp26.2 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.

19. Fair value measurement

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

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

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

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

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

| | 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 30 June 2022 | | | |
| <i>Recurring fair value measurements</i> | | | |
| Biological assets - timber plantations | – | – | 331,876 |
| Biological assets - agricultural produce | – | 286,891 | 506,810 |
| As at 31 December 2021 | | | |
| <i>Recurring fair value measurements</i> | | | |
| Biological assets - timber plantations | – | – | 328,344 |
| Biological assets - agricultural produce | – | 410,468 | 462,925 |

20. Segment and revenue information

The Group is organised into the following main business segments:

- Plantations segment is mainly involved in the development and maintenance of oil palm, rubber and sugar cane plantations and other business activities relating to palm oil, rubber and sugar cane processing, marketing and selling. This segment is also involved in the cultivation of cocoa, tea and industrial timber plantations.
- Edible oils and fats segment produces, markets and sells edible oil, margarine, shortening and other related products and its derivative products.

The Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

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

20. Segment and revenue information (cont'd)

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

20.1 Business segments

| 1H2022 | Plantations Rp 'million | Edible Oils and Fats Rp 'million | Others/ eliminations Rp 'million | Total Rp 'million |
|--|----------------------------|--|--|--------------------------|
| Revenue | | | | |
| Sales to external customers | 1,965,702 | 6,107,152 | – | 8,072,854 |
| Inter-segment sales | 3,689,023 | 1,151 | (3,690,174) | – |
| Total sales | <u>5,654,725</u> | <u>6,108,303</u> | <u>(3,690,174)</u> | <u>8,072,854</u> |
| Share of results of associate companies | 549 | – | (24,157) | (23,608) |
| Share of results of joint ventures | – | – | (36,273) | (36,273) |
| Segment results | <u>1,291,124</u> | <u>195,976</u> | <u>(223,765)</u> | <u>1,263,335</u> |
| Net finance expense | | | | (237,723) |
| Foreign exchange gain | | | | 7,557 |
| Impairment loss of property, plant and equipment | | | | <u>(26,215)</u> |
| Profit before tax | | | | 947,073 |
| Income tax expense | | | | <u>(405,091)</u> |
| Net profit for the period | | | | <u><u>541,982</u></u> |
| <u>As at 30 June 2022</u> | | | | |
| Assets and liabilities | | | | |
| Segment assets | 29,676,114 | 5,122,844 | (130,947) | 34,668,011 |
| Goodwill | <u>3,211,427</u> | – | – | <u>3,211,427</u> |
| Prepaid taxes | | | | 194,621 |
| Deferred tax assets | | | | 429,971 |
| Claims for tax refund | | | | <u>60,412</u> |
| Total assets | | | | <u><u>38,564,442</u></u> |
| Segment liabilities | <u>4,102,133</u> | <u>1,352,056</u> | <u>(699,755)</u> | <u>4,754,434</u> |
| Unallocated liabilities | | | | 10,857,634 |
| Deferred tax liabilities | | | | 618,050 |
| Income tax payable | | | | <u>248,987</u> |
| Total liabilities | | | | <u><u>16,479,105</u></u> |
| Other segment information | | | | |
| Capital expenditure | 568,565 | 24,574 | – | 593,139 |
| Depreciation and amortisation | 618,517 | 55,034 | 34,752 | 708,303 |
| Loss from changes in fair value of biological assets | (107,754) | – | – | (107,754) |
| Change in employee benefits | 107,290 | 21,598 | – | 128,888 |
| Impairment loss of property, plant and equipment | 26,215 | – | – | 26,215 |

20. Segment and revenue information (cont'd)

20.1 Business segments (cont'd)

| 1H2021 | Plantations Rp 'million | Edible Oils and Fats Rp 'million | Others/ eliminations Rp 'million | Total Rp 'million |
|--|----------------------------|--|--|----------------------|
| Revenue | | | | |
| Sales to external customers | 1,494,822 | 7,462,765 | – | 8,957,587 |
| Inter-segment sales | 3,127,909 | 2,211 | (3,130,120) | – |
| Total sales | 4,622,731 | 7,464,976 | (3,130,120) | 8,957,587 |
| Share of results of associate companies | (12,916) | – | (20,014) | (32,930) |
| Share of results of joint ventures | – | – | 28,915 | 28,915 |
| Segment results | 918,648 | 197,503 | (68,906) | 1,047,245 |
| Net finance expense | | | | (291,745) |
| Foreign exchange gain | | | | 1,447 |
| Profit before tax | | | | 752,932 |
| Income tax expense | | | | (437,797) |
| Net profit for the period | | | | 315,135 |
| As at 31 December 2021 | | | | |
| Assets and liabilities | | | | |
| Segment assets | 28,909,706 | 4,788,595 | 84,499 | 33,782,800 |
| Goodwill | 3,211,427 | – | – | 3,211,427 |
| Prepaid taxes | | | | 191,507 |
| Deferred tax assets | | | | 398,509 |
| Claims for tax refund | | | | 67,164 |
| Total assets | | | | 37,651,407 |
| Segment liabilities | 3,587,630 | 1,188,436 | (599,735) | 4,176,331 |
| Unallocated liabilities | | | | 11,133,331 |
| Deferred tax liabilities | | | | 661,628 |
| Income tax payable | | | | 310,103 |
| Total liabilities | | | | 16,281,393 |
| Other segment information | | | | |
| Capital expenditure | 498,278 | 8,096 | – | 506,374 |
| Depreciation and amortisation | 631,034 | 56,078 | 33,203 | 720,315 |
| Loss from changes in fair value of biological assets | (33,933) | – | – | (33,933) |
| Changes in employee benefits | (14,629) | 20,173 | – | 5,544 |

21. Subsequent events

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

Other Information Required by Listing Rule Appendix 7.2

1. *Audit review*

The condensed interim statement of financial position of the Group as at 30 June 2022 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 1H2022 have not been audited or reviewed.

2. *Review of performance of the Group*

Financial Performance

Overview: 1H2022 was a challenging period in the face of highly volatile commodity markets and several policies introduced by the Indonesian Government to control the domestic cooking oil prices. Despite this, the Group's net profit increased 72% to Rp542 billion. The improvement in profitability was supported by stronger selling prices of palm products (i.e. crude palm oil (CPO) up 45% and palm kernel (PK) up 73%) and EOF products. This was partly offset by lower sales volume of palm products in line with lower production and a net build-up of 35,000 tonnes of CPO in 1H2022. The downstream refinery also reported lower sales volume due to lower export sales.

CPO prices rose to record highs earlier this year due to the Russia-Ukraine conflict and a temporary export ban by Indonesia which tightened the global edible oil supply. Despite lifting the export ban, Indonesia's exports have not returned to normal levels as the government required companies to sell a portion of output in the domestic market before issuing export permits. This has led to higher CPO stocks in Indonesia and a slump in prices in June 2022. Nonetheless, CPO prices (CIF Rotterdam) remained higher at an average of US\$1,638 per tonne in 1H2022 compared to US\$1,128 per tonne in 1H2021.

Segment Overview: The Plantation Division's 1H2022 revenue grew 22% mainly attributable to higher selling prices of palm products, partly offset by lower sales volume in line with lower production and a net build-up in inventories of 35,000 tonnes of CPO in 1H2022. Segment operating profit increased 41% to Rp1,291 billion compared to the same period last year.

The EOF Division's 1H2022 revenue declined by 18% on lower sales volume of EOF products. Despite lower sales volume of EOF and higher CPO purchase costs, this Division maintained its profitability with segment operating profit of Rp196 billion in 1H2022.

Revenue: Despite higher average selling prices of palm products and EOF products, the Group reported Rp8,073 billion in 1H2022 consolidated revenue (after elimination of inter-segment sales), decreasing 10% over 1H2021 mainly due to lower sales from the EOF Division.

Cost of sales: Lower cost of sales was mainly due to lower purchases of CPO by the EOF Division in line with lower sales volume.

Gross profit: The Group's 1H2022 gross profit improved by 7% compared to 1H2021, supported by higher selling prices of palm products and EOF products. This was partly offset by lower sales volume of palm and EOF products as well as higher CPO purchase costs.

Selling and distribution expenses (S&D): S&D expenses declined 57% to Rp206 billion in 1H2022 mainly due to lower export levy/duty and freight charges arising from lower export sales of EOF products.

Other Operating Expenses: Higher other operating expenses were mainly due to higher allowance for plasma receivables.

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

Foreign Exchange Gain: In 1H2022, the Group recognised a foreign currency gain of Rp8 billion mainly due to the translation of US dollar-denominated net assets position (i.e. cash and loans) as of 30 June 2022. The foreign currency gain was mainly due to weakening of Indonesia Rupiah against US Dollar to Rp14,848/US\$ as of 30 June 2022 versus Rp14,269/US\$ as of 31 December 2021.

Share of Results of Associate Companies: The Group reported lower loss from its associate companies in 1H2022 of Rp24 billion versus Rp33 billion in 1H2021.

Share of Results of Joint Ventures (JVs): The Group reported share of loss of JVs in 1H2022 of Rp36 billion versus share of profit of Rp29 billion in 1H2021. Despite our JV sugar operation in Brazil recorded higher operating profit, but this was offset by higher interest expenses and higher loss arising from changes in fair value of biological assets.

Loss arising from Changes in Fair Values of Biological Assets: In 1H2022, the Group reported higher loss from changes in fair value of biological assets of Rp108 billion compared to Rp34 billion in 1H2021. The loss in 1H2022 was mainly due to lower FFB prices and higher cost.

Profit from Operations: The Group's profit from operations in 1H2022 increased 13% to Rp1,185 billion mainly due to higher gross profit and lower selling and distribution expenses. This was partly offset by higher provision for plasma receivables and higher loss arising from changes in fair value of biological assets.

Financial Expenses: The Group's 1H2022 financial expenses decreased by 14% mainly due to lower blended interest rates and lower loans compared to 1H2021.

Income Tax Expenses: The Group recognised lower income tax expenses in 1H2022 mainly attributable to lower provision for tax losses carried forward. This was offset by higher corporate income tax in line with higher profit.

Net Profit After Tax (NPAT): The Group reported higher NPAT of Rp542 billion, increasing 72% over 1H2021. This was mainly due to higher profit from operations as explained above, lower financial expenses and lower income tax expenses. In line with this, core profit after tax came in 72% higher than 1H2021.

Attributable Profit to the Owners of the Company: 1H2022 attributable profit came in 65% higher than the same period last year.

Review of Financial Position

As at 30 June 2022, the Group reported total non-current assets of Rp27.9 trillion compared to Rp28.1 trillion in December 2021. The decrease was mainly due to depreciation of property, plant and equipment and lower plasma receivables. This was partly offset by higher carrying value of investment in joint ventures.

The Group's total current assets were Rp10.7 trillion as at June 2022 compared to Rp9.5 trillion in December 2021. This was mainly due to higher inventories (i.e. palm stocks, sugar and stearin), higher cash levels arising from improved operating cash flows, and higher advances for the purchase of raw materials. However, this was partly offset by lower trade and other receivables.

As at June 2022, the Group's total liabilities increased 1% to Rp16.5 trillion mainly due to higher trade and other payables and accruals. This was partly offset by lower interest-bearing loans and borrowings due to certain loan repayment in 1H2022.

The Group's net debt to total equity ratio decreased to 0.27 times as at June 2022 due to the combined effects of higher cash and lower gross debts, as compared to 0.31 times in prior year.

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

Review of Cash Flows

The Group reported significantly higher operating cash flows before working capital of Rp2,783 billion, compared to Rp1,983 billion in 1H2021. However, the net cash flows from operation in 1H2022 were flat to last year mainly due to higher inventories, higher advances to supplies, and higher income tax paid.

Net cash flows used in investing activities were lower at Rp588 billion in 1H2022 compared to Rp599 billion in 1H2021 mainly due to lower plasma projects and advances for projects and fixed assets.

The Group recorded higher net cash used in financing activities of Rp329 billion in 1H2022 compared to last year mainly due to higher dividend payment, partly offset by lower net repayment of loans during 1H2022.

The Group's cash level increased from Rp3,764 billion as at December 2021 to Rp4,194 billion as at June 2022 largely due to higher net cash flows from operations.

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 remain highly volatile due to geopolitical conflicts, supply chain disruptions, rising global protectionism risks and erratic weather patterns. We expect global vegetable oil prices to be underpinned by demand growth, biodiesel mandates and the slowdown in supply growth, especially palm oil.

We continue to prioritise our capital investment on the replanting of older oil palm trees in Riau and North Sumatra, and on critical infrastructure. Other initiatives would include improving FFB yields through active crop management and improvements in fertiliser application through nutrient analysis, and pursuing relevant innovations and mechanisation to raise plantation productivity. We will continue to focus on cost control improvements and drive greater efficiency through digitalisation and streamlining of work processes.

5. Dividends

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

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

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

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

No dividend has been declared for the financial period ended 30 June 2021.

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

Consistent with prior years, no dividend has been declared/ recommended for the financial period ended 30 June 2022. The Board will consider this at year-end based on the financial position of the Company i.e. Indofood Agri Resources Ltd.

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

The Group has the following interest person transactions ("IPT") for 1H2022:

| 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 othersPurchase of goods, services and assets | 3,325 57 |
| Salim Group | |
| <ul style="list-style-type: none">Sales of cooking oil, sugar and materialPurchases of goods and servicesShareholder loansCorporate guarantees | 783 192 1,652 1,673 |

Save as disclosed above, there was no IPT (excluding transactions of less than S\$100,000 each) entered into during 1H2022 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

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

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention which may render the Group's unaudited condensed interim financial statements for the six months ended 30 June 2022 to be false or misleading in any material aspect.

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

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

BY THE ORDER OF THE BOARD

Mark Julian Wakeford
Chief Executive Officer and Executive Director

12 August 2022